SHRI PRANAB MUKHERJEE (West Bengal) : Yes. We can take it up after lunch.

THE DEPUTY CHAIRMAN: ...so that, when we take it up after lunch, there is no break in the discussion.

The House stands adjourned for one hour for lunch.

The House then adjourned for lunch at thirty-six minutes past twelve of the clock.

The House re-assembled, after lunch, at forty minutes past one of the clock,

THE DEPUTY CHAIRMAN in the Chair.

STATUTORY RESOLUTION SEEKING DISAPPROVAL OF THE UNIT TRUST OF INDIA (TRANSFER OF UNDERTAKING AND REPEAL) ORDINANCE, 2002

A N D

THE UNIT TRUST OF INDIA (TRANSFER OF UNDERTAKING AND REPEAL) BILL, 2002.

THE DEPUTY CHAIRMAN: We shall take up, together, the Statutory Resolution disapproving the UTI Ordinance and the Unit Trust of India (Transfer of Undertaking and Repeal) Bill, 2002 into consideration.

DR. MANMOHAN SINGH (Assam): Madam, I move the following Resolution:

> "That this House disapproves the Unit Trust of India (Transfer of Undertaking and Repeal) Ordinance, 2002 (No.5 of 2002) promulgated by the President on the 29th October, 2002."

Madam, at the outset, I would like to make it very clear that our opposition is, primarily, to the route being adopted by the Government for

enacting this legislation. The Unit Trust of India is a great national institution. The troubles, which the Unit Trust of India has gone through, are a matter of deep concern to crores of unit holders. Therefore, it was expected that the Government would bring forward a Bill, which will be considered, among others, by the relevant Standing Committee of Parliament. In that case, we would have time to elicit the views of experts. This process has been scuttled in choosing the Ordinance route.

Therefore, Madam, we feel that the Ordinance route should not be resorted to in dealing with a piece of legislation, which has such profound implications on diverse sections of our economy and on our polity. Having said that, I do agree that there is an urgent need to think about restructuring the Unit Trust of India. Madam, the Unit Trust of India came into existence in 1964. It introduced a large number of innovative schemes. Since its inception, it has served our country, on the whole, very well.

I would quote from the annual report of the Unit Trust of India, for 1999-2000, wherein it was mentioned that the US-64, which has been the flagship of the Unit Trust of India, enjoys the confidence of a very large number of investors, all over the country. To quote from the report, "Investor interest in the Unit Trust of India is reflected in a recent survey commissioned by SEBI and CAR under the leadership of Dr. Rakesh Mohan. The US-64 has been found to be the safest investment, next only to bank deposits and gold."

Another study, conducted by the renowned capital market expert, Dr. L.C. Gupta, in July-August, also reveals a similar picture. The study reveals, that more than eighty per cent of investors of all ages, educational backgrounds, occupations or income categories rank US-64 as 'very safe' to 'reasonably safe.' Madam, that was the statement made in the Annual Report of the Unit Trust of India as late as 1999-2000. I am sorry to note that events since then have moved in a different way, today when millions and millions of investors feel bewildered about what has happened to their investments in the Unit-64 Scheme. We know the sad plight of a large number of pensioners and retired people who had deposited all their savings in the Unit Trust of India particularly in its Unit-64 Scheme and also the plight of a large number of charitable trusts which had taken advantage of the Unit-64 Scheme being given the status of a trustee security and had invested heavily in it. All these categories of people, many of them widows,

orphans and old people who have no other source of livelihood have suffered grievous losses. In the process what has happened to the Unit Trust of India has shaken the confidence of a large number of people in the functioning of our financial system. Madam, it is, of course, true that there have been problems with the Unit Trust of India for quite sometime and I would be the last one to gloss over those problems. But the last four or five years have seen a steep decline in the dividend rate paid by the Unit Trust of India. We now find that in the year 2001-02, the Unit Trust of India has skipped the dividend altogether on the Unit-64 Scheme. I look at the dividend rate and how it has moved down year after year from 1997-98 onwards. In the year 1979-80, for example, the dividend rate was 10 per cent. By the end of the decade, in 1988-89, it went up to 18 per cent. In 1990-91, it was 19.5 per cent, in 1991-92, it was 25 per cent, in 1992-93, it was 26 per cent, in 1993-94 it was 26 per cent, in 1994-95, it was 26 per cent, in 1995-96, it was 20 per cent, in 1996-97, it was 20 per cent and in 1997-98, it was 20 per cent. Then we have a steep decline. In 1998-99 it was 13.5 per cent, in 1999-2000, it was 13.75 per cent, in 2000-2001, it was 10 per cent and for the year 2001-02, nil dividend has been declared.

Madam, when I look at the net asset value, there also I find that the last four years have shown a steep decline in the net asset value of this Scheme as well. For example, on the 1st of July, 1989, the net asset value per unit was Rs.16.18. In July 1990, it rose to Rs.14.95. In July 1991, it went up to Rs.16.56. In July 1992, it went up to Rs.28.92 and in July 1993, though it went down, but it was still Rs.19.76. In July 1994, it was Rs.23.97. In July 1995, it did fall to Rs.16.61. In July 1996, it was Rs.15.97. There was a steep fall in 1997 and it was Rs.13.08. In July 1998, there was a further steep fall and it was Rs.7.04. In July 1999, there was some improvement and it was Rs.9.1. Madam, therefore, the first task before we consider the issue of restructuring of the UTI is to understand as to what is it that has gone wrong with the UTI, particularly, its Unit-64 Scheme. What went wrong and why did it go wrong? Madam, we have a Joint Parliamentary Committee, which, I believe, is charged with the responsibility to go into all these matters and the proper course would have been for the Government to wait for the Report of the Joint Parliamentary Committee, before coming forward with its own proposals for restructuring. In its wisdom, the Government has chosen not to wait for the Report of the JPC and there may be valid reasons for that. Even, at this stage, I do hope that the hon. Finance Minister will assure the House that as and when he

receives the Report of the JPC, if there are any worthwhile suggestions in the Report with regard to future restructuring, the Government will examine them with an open mind, that the Bill that they have brought does not foreclose considerations of any viable options, which may emerge as a result of the Report of the JPC, which, I am told, is now in the final stages of completing its work.

Coming to the proposals for restructuring, as I said in the very beginning, we recognise, that there is a need, an urgent need, for restructuring the UTI. There should ever be situations which arose in July, 2001, when the UTI had to suspend its obligation to repurchase Units. The Government, subsequently, came forward with a scheme to help the small unit holders. But, a very large number of people are still feeling a sense of great distress because of the immobilisation, the ill-liquidity that is now attached to the Unit-64 Units, over and above, the figure of 5,000 units. Therefore, it is essential, to set in motion the process whereby such things will not happen again. The Government, in my view, rightly, has come to the assistance of the UTI for the second time -- first, it was in 1999; then, again, last year -- and, I do believe, given the importance of the Unit Trust in our financial system, it was wise on the part of the Government to come out with a bail-out package. But, at the same time, it is necessary to ensure that such bail-out packages do not become a common-place thing. There is, in economic matters, such a thing as the problem of moral hazards. In this particular case, I am satisfied that the Government acted wisely, though belatedly, in coming to the rescue of the UTI. But, we must ensure that the future restructuring does not lead to the type of situation which has arisen whereby, I am told, the Government may have to put in as much as Rs.15,000 crores in the process of bailing out the UTI. The Government's proposal, essentially, is to divide the UTI into two parts. The UTI-I will deal with the Unit-64 Scheme and the other assured-income-schemes. All other schemes which are net asset value-based schemes will be hived off into a Unit 2 scheme. Madam, I have one or two questions to put about the Ordinance and the subsequent Bill, as passed by the Lok Sabha. It is now clear that as far as UTI - one - covering the portfolios of unit 64 and other assured income schemes - is concerned, the Government proposes that no new schemes will be introduced by UTI-one. We learn this UTI - one is going to be administered by an administrator, of course, aided by an Advisory Council. I would like to know from the hon. Minister something more about the mode of running this UTI - one scheme.

2.00 p.m.

Our worry is that it must not, once again, become 'a sort of departmental undertaking' in which the Government's interference will be as pronounced as it has been, what one reads about it in the newspaper reports in the recent years. Therefore, I request the hon. Minister to enlighten us as to how he proposes that UTI- one will run. What will be the Administrator's responsibility? What role will the Advisory Council, which will assist him, play in the day-to-day management of the portfolio of the UTI - one- US - 64 and other assured income schemes? Even after the bifurcation, a large amount of resources, large portfolios will remain with the UTI - one scheme. The country needs an assurance that this portfolio will be well-managed in the interest of unit holders as a whole.

So far as the UTI - two is concerned, it is clear from the Bill that the intention of the Government is to constitute a company to run the affairs of UTI - two. Madam, in our country, as I said, the Unit Trust of India, played a innovative role in encouraging the movement towards a culture in which people invested more and more of their resources in mutual funds. In 1986, public sector banks were allowed to float mutual funds of their own. In 90's, private sector entities were also allowed to float mutual funds in the private sector. In September, 1992, we opened up our capital markets for participation by foreign institutional investors. At that time, Madam, it was my intention that while we welcomed the participation of foreign institutional investors, there must be a strong Indian entity in the market to take an integrated national view of our problems in the capital market. I felt that there was a need for a sort of countervailing power. It was my hope that the Unit Trust of India would provide that countervailing power in the functioning of our capital markets. To that extent I think we need to avoid excessive dependence on foreign institutional investors. Now that the proposal is to divide the UTI into two parts, I am sorry to note that the objectives which I had in mind, the new system that is now being contemplated, will not enable the UTI to play that role. That is the drawback of the process of dividing the UTI into two parts. But in order to limit the Government's obligations for bail out, I believe, what the Government has done is, probably, unavoidable.

But with regard to the functioning of the Unit 2 scheme, the Government should, if it has worked out the details, tell the House as to how that particular UTI - Two Schemes would be run. I take it that the

schemes, which are included in Unit - 2 Scheme, would be subject to the normal disciplines of SEBI, and that they would need to fully comply with the discipline of SEBI. If that be the case, that is a desirable direction in which we ought to be moving. Since 1994, all new schemes of the UTI have been obliged to be SEBI compatible. I sincerely hope that all the schemes that are included in the UTI - two Scheme would also be SEBI compatible, and under the direct supervision of the SEBI.

The Bill says that the UTI - two Scheme would be professionally managed, while UTI - one Scheme would be managed by an Administrator. I am worried about this distinction. Madam, we should ensure that even UTI-one Scheme, which will have very substantial resources to play with, and which will have a substantial share in equity of a large number of corporate entities in our country, is managed by professionals of the highest calibre. There should be no compromise on the technical and economic competence, and the expertise of the people, who are going to manage both UTI - one Schemes as well as UTI-two Scheme. This is one thing about which I would request the hon. Finance Minister to enlighten us.

Further more, I would like to know from him as to the future of the UTI-one Schemes. The Government has said that new schemes will not be introduced, and on the existing schemes; on the assured income schemes that are included in UTI - one portfolio, the Administrator will have the power to adjust the dividend rate or the interest rate in accordance with the SEBI guidelines. That does introduce an element of uncertainty for those who have invested in these assured income schemes. I do believe, Madam, that the Government should conduct a detailed inquiry about the distributional consequences of what has happened to the UTI, after the events of 2001. As I said, there are a large number of retired people, there are a large number of pensioners, there are a large number of trusts, which have suffered grievously. I am not suggesting that I have a readymade scheme. But the Government should conduct a detailed inquiry about the consequences for all those persons. And in due course of time, it should seriously think of coming forward with some remedial action to help this class of persons.

Madam, in our country, we discuss issues of financial sector reforms, sometimes, in a vacuum. We all feel that interest rates should

come down, because, in the rest of the world, they are coming down. And, I think, it is right. But, in doing so, we often forget that for many of the retired persons -- in a country where there are no institutions of social security whatsoever -- interest income on bank deposits and dividend income from the units are the only means of livelihood. Therefore, while making far-reaching structural changes, I think, we should not be oblivious of the side effects they will have on really vulnerable sections, and that category includes, the retired persons, widows and orphans, who have invested in US-64 and other related schemes. I think, they do require a greater concern and consideration of this House and of the Government as well. So, these are some of the concerns.

Madam, I started by saying that it would have been better if the Government had waited for the Report of the Joint Parliamentary Committee. Because before you take reform measures of lasting nature, we ought to know what went wrong. Why did things go wrong? I do believe that in all this we have to disentangle the functioning of the macro economy, as a whole, and the management failure of a particular institution. There have been weaknesses in the structure of management in the UTI. These need to be addressed. But, I think, it is also necessary to recognise the role of for what has happened to the macro economy in the last four or five years; for what has happened to the Unit Trust and to the capital market, the macro-management of the economy has also to share the blame.

Madam, when our Government left office, sensex was as high as 4,000. In recent years, it has gone down. And, even now, after five years - I think we left office in May 1996 - it has been hovering around 3,200. And, I submit, not in a spirit of scoring any debating points, that part of the problem has been the inability of this Government to manage expectations of the investing community in the desired direction. Look at the fiscal policy for one year's Budget; there is no consistency with the next year's Budget. Let us take the question of dividend tax. As far as this Government's Budgets are concerned, one year, the dividend tax rate is increased, next year, it is lowered, and, now, we have, of course, another Consultation paper which suggests that this tax must go. In the same way, I could go on. Let us take the structure of customs duty. There has been a great deal of talk about simplification of customs duty, but four years after this Government's remaining in office, the customs duty structure, in our

country, is far more complex than it ever was. Now, look at what has happened to the management of the capital market and the stock exchanges. There was a talk, for the last five or six years, to introduce the Rolling Settlement System, but Rolling Settlement System was not introduced, after careful consideration. It was only when the last year scam came to notice that the Minister of finance, in order to show that the Government was active, announced that the Rolling Settlement System would be adopted. We have got rid of 'Badla'. But what have we replaced it with? We have not replaced it with transparent financing mechanism to finance our stock markets. There is, in my view, a need to rethink about the whole problem of financing, of participants in the capital market so that the influences of black money or other related type of transactions in the functioning of our capital markets are eliminated. So, I am suggesting that we need to have a holistic and more consistent longer-term view of the fiscal policies that we want to pursue. We cannot have a system where each Finance Minister comes with a tax policy of his own. I think, we need a basic minimum stability of the tax regime to stabilise business expectations, and that has been missing. In the same way, in recent years, the disinvestment, whether it will take place, when it will take place, has become a big source of instability and uncertainty in the functioning of our capital market. I submit to the hon. Finance Minister that if you want to tackle the problems of uncertainty and instability in our capital market, then this Government should take a consistent medium - term policy with regard to the areas of the future of the public sector, what is the role for disinvestment. I saw today an article in the Business Standard on the editorial page, and, I think, it gives sensible advice. We have been discussing these issues of disinvestment and privatisation in vacuum, whereas what we need in this country is to evolve a broad-based consensus as to what in the changed circumstances, we consider, is the role of the public sector. What are -- if we are agreed about the role of the public sector -- the instruments that are there for us to enable the public sector to perform that role? And, in that holistic set up, there may be a role for disinvestment. If, there is a role for disinvestment, is strategic sales route the only optimal route when all over the world there are instances that countries have been able to experiment with alternative mechanisms of disinvestment to prevent cornering of the public sector stocks by a few monopolists? So, I must submit to hon. Finance Minister that while we are discussing this issue he should also, I think, clarify the Government's approach to problems of disinvestment. It has been piecemeal. It needs a

holistic touch, and it has to be integrated with our thinking with regard to the future of the public sector in our economy. If you came forward with that approach, I am sure, all of us, to whichever side we belong, will cooperate with the Government to evolve a policy which ensures that our entities in the public sector and the private sector match up to the requirements of this country, having to survive and flourish in the 21st century.

Madam, in conclusion, I would also like to say that we need to have a fresh look at what is happening not only in the governance of our stock exchanges -- the hon. Finance Minister has been talking about demutualisation and corportisation; there are problems areas and these problems have to be resolved in consultation with the all the participants -- but also, I think, the overall governance of the corporate sector needs much greater emphasis. Now, if we are going to privatise, and if we are going to privatise, for example, in areas, which deal with natural resources management -- NALCO, for example, has been talked about as an entity which the Government want to privatise; NALCO deals with natural resources -- where is the assurance that the new persons who will take over the privatised NALCO will be careful enough, not to exploit these natural resources in a manner which hurts the long-term interest of our country? Why were the coal-mines nationalised in thé 1970s? It is because the erstwhile private owners had indulged in rampant assets stripping. And, when you are dealing with the nation's natural resources, which are exhaustible, which are limited, unless you have structures of governance in the private sector, in place, which inspire confidence, then you are taking too much liberty with the future of our country. Therefore, I submit to the Government and to the hon. Finance Minister that while this is not directly a subject, which we are debating, I would say if you really want a healthier Unit Trust of India, Unit - one, Unit-two, we need a healthy capital market. What is necessary to make capital market healthier? For that, we need a fiscal and monetary system which stabilises expectations and It gives confidence to the investors in the future of their investments. Investment, after all, is an act of faith. Therefore, we need mechanisms to enthuse the animal spirt of Indian businessmen so that this investment famine, which has now persisted for nearly six years, becomes a thing of the past. In the same way, we should look at the processes of governance of the corporate sector. The corporate sector has a responsibility, the Government has also a responsibility. It is only when we look at all these things in a holistic

manner, the disinvestment policy, the role of the public sector that you will evolve, a policy package which will meet the needs of the investors in the capital market, but, at the same time imparts a new element of dynamism to our economy, a dynamism which our economy is capable of, a dynamism for which we have the human and material resources, a dynamism which, I think is waiting to take off, if only we will provide a proper policy framework. Thank you.

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH): Madam, I beg to move:

> "That the Bill to provide for the transfer and vesting of the undertaking (excluding the specified undertaking) of the Unit Trust of India to the specified company to be formed and registered under the Companies Act, 1956, and the transfer and vesting of the specified undertaking of the Unit Trust of India in the Administrator and for matters connected therewith or incidental thereto and also to repeal the Unit Trust of India Act, 1963, as passed by Lok Sabha, be taken into consideration."

Subsequently in the debate I will have an opportunity to respond to all the hon. speakers, including the Leader of the Opposition and the Mover of the motion of disapproval. The Leader of the Opposition has just given a very impressive intervention. It will be useful to the Government. I will be responding to every point that he has made, but, at the moment, I do not wish to make a long speech. I now rise only to commend this Bill to the House.

The questions were proposed.

SHRI C. RAMACHANDRAIAH (Andhra Pradesh): Madam, I rise to support the Unit Trust of India (Transfer of Undertaking and Repeal) Bill, 2002.

What was inevitable has ultimately happened. Had the Government followed the recommendations of the Deepak Parekh Committee, we would not have faced two great crises in the Unit Trust of India. It was a great institution that the country had developed. The small investors had reposed their confidence in it.

But this is being done now after a substantial damage in the capital market has taken place and the confidence of the investors in the country has shaken. Unfortunately, right from the beginning a wrong perception had been given to the investors that this US-64 scheme was an assured investment scheme. Though it had been prescribed that the dividend should not exceed 90 per cent of the income derived from the US-64 scheme, very imprudently the dividend has been distributed, beyond the income that had been obtained from the US-64 investments. There are instances where the dividend exceeded 24 to 26 per cent in these cases. The second reason is that to meet this high rate of dividend, the UTI management was constrained to indulge in lucrative line of investments, that is, stocks and equities of corporate bodies. So, this is all the reason with which the entire country is aware. I personally feel that it was having a relevance when it was promoted in 1960. After that, a number of companies and banks have come which were undertaking this mutual fund. I feel, the Government has to distance itself from this activity. Now, the UTI, as a public institution, has got no relevance. As things stand today, a major chunk of its investment is in equities, which are rather constrained to engage in the speculation, which has been going on in the stock market. Especially, UTI is indulging in private placements and it does not stand the scrutiny of the Parliament or the Comptroller and Attorney General of India. So, I feel, it is a right thing that it is being privatised. I want to have clarified from the hon. Minister, certain doubts. What will be the net amount that is involved in this bail-out package? What is the estimated deficit to be funded by the Government of India? What is the year-wise outlay, which the Government has to provide? How will the Government raise the resources, which are necessary to provide funding? In fact, personally, I beg to differ with the perception of bail outs. How long have we been continuously indulging in this bail-out programmes? It is true that the pensioners are there; small investors are there. How does it make a difference when it is being invested in private mutual fund and Government-sponsored mutual fund? Are we in a position to come to the rescue of the investors who are losing their moneys having invested in private mutual funds? When more than 40 per cent of the people are still living below the poverty line, nobody is prepared to care to provide them two square meals a day. After all, the people who have invested in this fund are far better off people than those people. So, I need to ask the hon. Minister. There are some practical difficulties, which are there. I think, the Government will work out these difficulties. Can the Minister assure this House that in future

no bail outs will be involved in this? Whether the UTI-I & II, which are being segregated or which are being separated, are liquid enough to meet the redemption obligations. If there is a mismatch, how does the Government meet this? My personal opinion is, it has got huge investments in corporate bodies and the stock market is moving up. So, it is high-time that UTI should disinvest and sell off its own shares to provide itself with liquidities so that it can indulge in redemption. Recently, L&T issue is there and ACC Cement companies are there. In both the companies, UTI has got more than 10 per cent of the equities and the prices have gone up. The Kumarmangalam Group has purchased shares at the rate of Rs.360/- per share. So, why can't the UTI sell the shares at the price at which they have purchased from other corporate bodies and realise the amount? The UTI has got very good holdings in other companies. The UTI, as a single entity, I feel, has got more leverage in selling its equities in the company rather than as a two entities. However, if something inevitable happened, I request the Government to try to ensure to get the maximum amount in disposing the shares of the UTI in other corporate bodies. I would like to mention one more thing. It is a very peculiar phenomenon that the US-64 did not have any parliamentary control or the Government control, and there was no regulator. It does not come under the purview of the regulator, and it is not subject to the audit by the CAG. Earlier, there was a nominee director. But, that nominee was withdrawn, and thus, the linkage between the Ministry and US-64 was disconnected. So, my personal opinion is, let there not be a nominee of the regulator in the Board, because there is a conflict of interest. As a nominee of the regulator, once he takes a decision as a nominee director in the Board, he cannot take a negative decision as an officer of the regulator. And what exactly is the contribution of the trustees of the SEBI in the UTI? Nothing. When you want to give such autonomy, let us give full autonomy so that it can be regulated on a professional basis, rather than have interference from the SEBI, which was not beneficial to the UTI till now. These are some of the suggestions, which I wanted to bring to the notice of the hon. Minister. Madam, till now, there was an overwhelming representation of the IDBI in the UTI, and as has earlier been stated by me, the UTI has got no relevance as a public institution. So, it has to be privatised. During the last Session, when this discussion about the Unit Trust of India took place in this House, I had made an appeal to the Government to privatise the UTI.

About capital market, the hon. Member was telling that we should have a holistic view. There is a necessity of reorienting the entire capital

market. The Government should reorient its policy. Just because NASDAQ prices have increased, we cannot say that the prices can also be increased in India. It is true that the share prices in the stock markets are being controlled by the sentiments, the intuition. But, that does not mean that the strong fundamentals cannot be taken into consideration while fixing the share prices. These are the weaknesses in the stock market which have to be taken into account by the Government of India, and all the remedial measures have to be taken.

I congratulate the Government for coming out with a proposal to repeal the Bill, dividing the entire Unit Trust of India into two units, and I request the Government to totally privatise the UTI because the assured income scheme, you have kept under one unit, and the rest of the schemes, you have kept under the other unit. So, whenever a need arises, you can transfer it to any bank, running the mutual funds, and there is no necessity for the Government of India to undertake that activity. So, I request the hon. Minister to kindly consider these aspects.

With regard to the division of the assets between the two units, it is a very complicated task, which the Government machinery may face. I do not know how to allocate the assets. Who will own the Bandra- Kurla complex, and how will the assets be segregated? It is a very difficult task. Of course, the accounting exercise will be there. Whatever it may be, it is the need of the hour that the Government should restore the confidence of the investors in this country. Any direction, any endeavour, on the part of the Government to achieve this objective, has to be welcomed by everybody, and I fully support this Bill on behalf of my party.

SHRI JIBON ROY (West Bengal): Madam, I rise to oppose the Bill. I oppose it because it is aimed at liquidating the Government's role in the important area of liquidity market. I oppose the Bill, all the more, because it has not been brought with full conscience, with full thought. If you go through the Bill, you will find that the Government decided to liquidate UTI, then split it into UTI-I and UTI-II. But, what has been the ultimate fate of these two organisations, has not been spelt out, it has been kept hidden. It is being said outside that UTI-I will be liquidated, the moment all the funds are redeemed, and UTI-II will be privatised. And I oppose that move of privatisation, too, the moment UTI will go out of the liquidity market, it will provide a wide space, not only to the Indian Mutual Fund market, but also,

the foreign institutional funds. To my understanding, it has happened earlier, and this will ultimately deprive the millions of people of our country, especially the rural people, to invest their savings with an institution of their choice, with an institution they trust; most of the private Mutual Funds are operating in the urban areas, not in the rural areas. This will bring havoc. So far, there have been 30 million investors. Of them, 80 per cent are retail investors. Their trust will be betrayed. The enactment will betray the trust bestowed with the Government. All the more, the employment will fail. There are nearly 65,000 agents working in UTI, all the people will lose their jobs, and hence, I oppose the Bill. Sir, such a Bill is brought behind the back of the Parliament, through Ordinance. Now we are getting accustomed with the tactics of the Government to rule the nation through Ordinance. From POTA to SEBI to UTI, everything, they have been practising to rule the nation through Ordinances. But, Sir, through this Bill, they are liquidating that Act, which was enacted by the highest temple of Indian democracy, the Parliament. They did not hesitate to liquidate that Act through the route of Ordinance. It is all the more unfortunate, because when the JPC is in session, it is not proper on the part of the Government to bring an Ordinance on such an issue. At least, they could have discussed the matter with all the members of the Opposition. The Ordinance was brought on 29th October. But a news item appeared in the "Indian Express" on 4th October stating that Shri Damodaran will be the Chairman of UTI-I and UTI-II. Things get close enough to the Leader of the House, but it was leaked selectively to the Press. This is hypocrisy. That hypocrisy should stop. Sir, I don't agree with the proposition, as the Government is trying to project that they are bringing this Bill to bail out the investors of the UTI. If it is so, it is like bringing out an egg after killing the chicken. If it is so, I would say that the Government need not give any support to the UTI; UTI themselves can mobilise the funds from within. Now, the figures say that in the last eight to nine months, the total redemption, money paid on account of redemption or re-purchase is equal to the money received through sale. To an extent, the situation has stabilised. Other things can be managed, if you sell some of the block shares owned by some of the important, top companies, by 50 companies; you sell them and mobilise the money and pay, bridge the gap between the NAV and the issued funds. But don't kill it. Don't give us such an excuse that because of all these developments you are going to kill the UTI. Sir, I do not agree with the contention that what has happened to the UTI is beyond the knowledge of the Government. Rather, I would say, the chronology of events suggests that all that suits the

economic philosophy of this Government; that is why they have allowed the things to perpetuate. First of all, they appointed a person whose credibility was in question and who chaired the Institution when the downfall of the UTI took place. And no action has been taken against that person! What does all this show? When the capital market was being rigged under the chairmanship of that person, the Government was sleeping.

Thirdly, the SEBI was asked to take the NAV value for the lending period also. UTI was, basically, a lending institution. It was lending money to the Government. Partly, it was a mutual fund organisation. When the SEBI rule was imposed, the Government did not come to support the UTI. It did not give any relief to it. The Government itself has brought down the interest rates. Because of lowering of the interest rates, NPA has increased; redemption has started. At no time, and in no position, the Government has helped it. I do not believe that the Government did not know what had happened during March-April, 2001. Though selectively, it was leaked to the big industrialists that the repurchase opportunity was being withdrawn, when the question concerning the common, small investors comes up, it was closed. The chronology of events suggests that the situation was allowed to perpetuate as if they wanted to withdraw from the liquidity market, as if they wanted to withdraw from the mutual fund market. That was the position. Therefore, it was a joint dealing. The Government has to clarify the position.

Lastly, Madam, I would suggest that the Government should act with consciousness. What are you liquidating? They are having stocks and assets worth Rs.45,000 crores. Secondly, they are having assets and properties worth Rs.85,000 crores.

[THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA) in the Chair.]

And, Sir, you are liquidating all those things and leaving the entire market in the hands of the private people. Why should the private people operate? According to the SEBI rule, the cost of running the mutual fund is in-between 1 and 1.5 per cent. The moment you hand it over, they will dispose of all the stocks that they are having in their possession. In the end, what will happen? The foreign financial institutions will capture the arrears as they have done at the time of rigging of the stock market.

Sir, the international phenomenon, as of now, is, the total industrial scenario is being rigged all over the world by the speculators and the financial institutions. If you see the figure of profit being made by these international financial institutions, it is to the tune of 200 per cent. It is much higher than the margin of profit being made by the industrial institutions and the manufacturing units. In this situation, when they are rigging the market all over the world, will you withdraw from the market and allow everything to be taken over by them? You have to think twice before taking such a decision. Sir, the split will bring havoc. The UTI holds an equity of 10 per cent, 12 per cent or 15 per cent in the top 50 industries of the country, including the Reliance, Hindustan Levers and ITC. And that percentage will split into two institutions, UTI-I and UTI-II. When block equity is there, it is easy to fetch higher money. Splitting the equity into two means, you are losing the investors' money in a massive way, in a massive manner. Sir, you have to take care of the ordinary people. They will get simply bewildered. UTI is a route through which the people invest. They do not believe in any other private mutual fund, which are quite large in number, and the stock market. The moment you withdraw it, will you not be compelling the people to invest in the stock market? In that case, the savings rate will go down. Your philosophy says, the Tenth Five Year Plan says, that the growth rate should be to the tune of 8-9 per cent. If an 8 per cent or a 9 per cent growth rate has to be achieved, the savings rate should be at least 30 per cent or above. In China, they are making development because their growth rate of savings is 40 per cent and above, but, in our country, it has gone down from 25 per cent to 22 per cent between 1991 and today. Mutual fund area is an area where you can invite savings, and, at present, out of the total domestic savings, mutual funds altogether account for only 1 per cent. That is a huge area. Out of that 1 per cent, UTI itself account for around 50 per cent of the entire mutual fund market, and private institutions account for not more than 10-12 per cent. In such a situation, the moment the 50 per cent is withdrawn, what will be the position? Did you realise that? Therefore, if you really want growth, the savings rate has to be improved. In that case, the Government has to be there. Otherwise, you will be losing the most important instrument to intervene. UTI, despite all its stigma of malfunctioning, wrong functioning, has intervened on a number of times. If somebody has betrayed, you punish him. You should punish him, as a single person; but you are punishing the millions of investors. Is it correct? You have not punished Mr. Subramanyam; you have not punished HFCL, which had invested in UTI

during the period when the capital market scam took place. You have not punished anybody; but you have punished the people, the investors. If you continue to do so, you will be cornered; you will be thrown out of power. Therefore, Sir, if you are honest, why didn't you say as to what will be the fate of the UTI - I, and UTI - II? Will it be settled by yourself or others? Why don't you say that you will come again when you decide whether it will be in the public sector or the private sector? If it is so, you accept my amendment where I have proposed that UTI - II will go to the public sector. With these words, I vehemently oppose the Bill. I may be in minority here. But the overwhelming majority of the people in our country are with me. Outside this House, I have a majority which is against the liquidation of the UTI, the only instrument which they trust and believe in. So, I oppose this Bill. Thank you very much, Sir.

SHRI P.G. NARAYANAN (Tamil Nadu): Sir, the Unit Trust of India is a statutory corporation, established under the Unit Trust of India Act, 1963, with a view to encouraging savings and investment, and participation in the income, profits and gains accruing to the corporation from the acquisition, holding, management and disposal of securities.

High dividends, sale and repurchase price of units, unrelated to the actual earnings, and other shortcomings in the UTI's working led to a fall in the Net Asset Value of the units. These inherent weaknesses, coupled with the problems of the capital market in March, 2001, resulted in the US-64 Scheme facing a substantial redemption during the months of April-May, 2001, forcing temporary suspension of the sale and repurchase under the US-64 Schemefor a period of six months, that is, up to 31st December, 2001.

Depressed capital market and the serious move to restrict the Government's liability resulted in the bifurcation of the UTI into two parts, namely, Unit-I, comprising the guaranteed portion, and Unit-II, comprising all Net Asset Value-based Schemes, and, in the repeal of the UTI Act, 1963. This division provides for and facilitates bifurcation of assets and liabilities of the UTI into two parts, that is, specified undertakings and specified companies, thereby distancing the Central Government from the UTI and Mutual Fund activities.

I request the Minister to clarify how the Government is going to answer the public investors who have invested their money, with a firm faith in the Government, by distancing the UTI from the Government.

It is a welcome move to transfer and vest the initial capital of the UTI in the Central Government, and refund the initial capital to the initial contributors, as has been provided in this Bill, to the extent as it may determine, having regard to the book value and assets and liabilities of the UTI.

The UTI-I and the UTI-II will be empowered to close some schemes before maturity. Then, the investors will get money at the prevailing rates only. The closure of some schemes will hamper the investors' confidence, and they will, eventually, be closed down. The Government should keep this point in mind in order to avoid such a scenario.

The UTI had an asset value of Rs.42,000 crores, as on 30th June, this year. Of that, an amount of Rs.17,784 crores was on account of Net Asset Value-based Schemes, which would be transferred to UTI-II. The remaining amount of Rs.25,000 crores, which is on account of US-64 and 21 Assured Return Schemes, would be with UTI-I, which would, ultimately, be wound up, after all the investors redeem their units in the non-Net Asset Value-based US-64 and other Assured Return Schemes. They have to be carefully and efficiently worked out, without affecting the interests of large investors.

Though the package gives some respite to the 24 million investors of the UTI, none can deny the fact that there is an uphill task ahead in resolving the entire crisis.

The Government has understood the gravity of the situation at the right time, and the cleaning up of the financial sector has to be tackled urgently.

No doubt, the cleaning up is being done, using the taxpayers' money. Therefore, the crisis in the financial sector should be tackled on a war-footing to avoid very serious ramifications, as has happened in South-East Asian countries during the currency melt-down in 1997. With these words, I support this Bill. Thank you.

SHRI B.P. SINGHAL (Uttar Pradesh) : Sir, I thank you for giving me the opportunity to speak on the Unit Trust of India (Transfer of Undertaking and Repeal) Ordinance, 2002, which I rise to support. We heard a very brilliant speech by the Leader of the Opposition, one of the very outstanding sons of this country who is respected by the whole country for his financial acumen. He was not just there at the time of the Congress Government when he was the Finance Minister, he had been in the Finance Ministry since a long time before that. The proposals that he put across were remarkable and I sat wondering, when he had almost 12 to 15 years of continuous power in the Finance Ministry, where were those proposals? Why could they not be implemented at that time? It seems the House is expecting this Government to perform, within five years, what was not performed in the last fifty years. Proposals were there ...*(Interruptions)*...

श्री मुरली सीताराम देवरा (महाराष्ट्र) : उस समय इतनी हालत खराब नहीं थी। उस समय क्या हालत थी, आपको मालूम नहीं है।

SHRI B.P. SINGHAL : I would like to have your protection, Sir. I should be permitted to go ahead. These kind of things are not very healthy.

उपसभाध्यक्ष (श्री संतोष बागड़ोदिया) : आप बोलिए।

SHRI B.P. SINGHAL : But, that is the one point. The Unit Trust of India was founded in a developing economy of our country in 1963 to enable the people of India, with their small savings, to participate in the reconstruction and rejuvenation of this country. And this was, therefore, intended to allow people with savings of hundred, two hundred, four hundred rupees to contribute their mite and participate in the nation building process. The Unit Trust of India since its commencement in 1964 has a glorious history. Now, when the Harshad Mehta scam was taking place, people were attributing the financial policies as reasons for the boost in the economy and I was wondering how companies which had absolutely zero value just shot up. It was a totally artificial boom that had occurred and when that occurred, I, as a layman, was telling my friends, if this is happening and UTI is investing in shares, God help us and God help the UTI, because there was a certain percentage beyond which the UTI was not supposed to spend in speculation or in shares, but they went overboard in trying to find profits and then pleasing the dividend owners. Yes, crores of

people, 48 million depositors, suffered because of the sudden downfall. But let us not forget that they also benefited, most of them, from the artificial dividends that were granted to them at the rate of 26 per cent when the UTI could not afford even 10 per cent. As Mr. Ramachandraiah just said, UTI was not supposed to give more than 90 per cent of its profits in dividends whereas it gave 24 to 26 per cent above the profit margin by way of dividends. So, those people who walked out of the UTI scheme after gaining the 26 per cent dividend, were clever enough and they saved themselves. But if they have continued till the time of UTI dividend collapsed, I think they have not suffered much because, while they enjoyed the 26 per cent, they are now getting 9 per cent.

Sir, most of the people who suffered are only those people who came to the UTI after the boom finished and the decline started. When I go into the UTI episode and the way the people are blaming this Government, I am reminded of an Accountant who was working in the Allahabad Municipal Corporation, who came there after a nine year stint of the previous Accountant. He went into the old accounts. It took him six months to discover the tremendous embezzlements that had taken place. He promptly reported the whole matter to the Administrator. The Administrator, in turn, reported this matter to the Government. Then the whole matter was investigated. The poor accountant - he was a very honest man - who had exposed the honesty of his predecessor, was suspended. He remained under suspension for seven years. I alone know how I managed to get him reinstated. After all, what did this Government do? When they discovered that there was some artificiality in the dividends - they did not have the power to intervene directly - they utilised whatever power they had to force the UTI to come to the earth, to come to the reality. That is what this Government did. In that process, if the dividends collapsed, it was on expected lines. If a mischief is going on for the past several years, if suddenly that mischief of several years is condensed into two or three years of performance, that would naturally bring a bad name to the company which entered into the Guinness Book of World Records in 1964 for getting a maximum number of applications when it decided to issue the US-64. Sir, 62 million applications were received at that time. Therefore, it would not be fair to put all the blame on this Government, when it comes to the performance of the Government. This Government has done its best. Now so many people were involved in it. The Government had to come to the rescue of the UTI. Perhaps those mismanagers - I would not call them

3.00 p.m.

managers - of the UTI knew that the Government would come to their rescue. Here I am with Shri Jibon Roy in asking for prompt punishment. Even if we need to establish a special court for punishing such economic offenders, we must establish special courts to give a message to the country that we are capable of punishing those who are playing with the public money. I am entirely with Shri Jibon Roy so far as this issue is concerned. But I am not with Shri Jibon Roy when he says that the UTI is being liquidated. That would be a wrong message which would go to the people from this House. The UTI is not being liquidated. The only thing which is being done is, the UTI is being bifurcated; one for short returns and the other for speculative returns. So the people have the choice to choose one of them. So far as the newcomers are concerned, they will not have any problem. There are people who are already holding its shares. Here I could not see any provision whereby the present shareholders have been given a choice to opt for UTI-I or UTI-II. Unless that is done, I do not know how the bonds would be distributed between the two companies.

There is no doubt that UTI-II would go into the hands of a corporate body. And the SEBI is there to have a control over it. After the passage of the Securitisation and Reconstruction of Financial Assets and Enforcement of Security Interest Bill, the SEBI will have enough teeth to see that it functions properly.

So far as UTI-I is concerned, it will be a governmental organisation, and, I am sure, it will be subjected to periodic monitoring, if necessary, at some point of time, on an annual basis or a two-year basis, by the CAG as well. One thing that I would certainly request the hon. Finance Minister is that the administrator or the members who are put on the Advisory Councils must, it should be made sure, that those persons, individuals, are not directors of any company, who is on the NPA or the Directors an any company which is on the NPA, or has bad debts on banks or any other financial institutions.. Persons who have that kind of a record, should be kept out of any Advisory Council or Advisory Boards or anything to do with any Governmental Advisory Committees, more so, in respect of financial institutions like UTI-I.

The hon. Leader of the Opposition spoke of the macro economy and said that it has been responsible, to a certain extent, in the erosion of the UTI. I do not think that that is indeed the case. The damage to UTI has been done by, shall I say, unbriddled playing about in the Stock Exchange by the likes of Mr. Harshad Mehta and Mr. Ketan Parikh. Once we can stop that from happening, I think, not only the UTI-II, but all the Mutual Fund Organisations of private banks also will definitely register a boost, the public confidence will be restored and this country will be back on rails for its own prosperity. Thank you, Sir.

SHRI S.VIDUTHALAI VIRUMBI (Tamil Nadu): Mr. Vice-Chairman, Sir, the Unit Trust of India (Transfer of Undertaking and Repeal) Bill, 2002, has been brought before us for our consideration and also to formalise the bifurcation of the UTI, a national institution. Sir, the issues connected with the UTI have been dealt with here for the last three or four times within the quinqunnium. Sir, this is an institution, a national institution because it is transacting a business of more than Rs.42,000 crores. Sir, the Government has come out with a package to meet the UTI's liabilities, because one year back, the unit-holders were in panic, whether the UTI would become bankrupt. That was the suspicion lingered in the minds of unit-holders. Sir, when we discuss the UTI, we cannot go through the issues connected with the UTI alone. The problem is that the Government of India has already shelled out, first Rs.22,000 crores to the Recapitalisation Fund to the nationalised banks. Then, on the basis of the recommendation by the Committee, to keep the adequacy norms, further sum, nearly Rs.2500 crores were injected for that, totalling nearly Rs.26,000 crores. The Recapitalisation Fund was funded by the Government of India in the form of the Budgetary support. Now, it is about Rs.15,000 crores. Therefore, it has crossed Rs.40,000 crores within five years. Sir, I fear the hon. Finance Minister may have to come to this august House again with another package since our financial institutions, quasi-Government organisations, four or five organisations, have recently shown some Rs.23,000 crores as NPA (Non-Performing Assets).

Even if you give another package for that, then, I feel, about Rs.63,000 crores would go out of our coffer. The UTI's problem, peripherally, is a capital market problem. But I want to know from the hon. Finance Minister: Is the crisis, that has arisen, due to the failure on the part of the officials in adhering to professional ethics, or, is it, actually, a systemic failure? Why I raise this issue is that the same public sector

banks, namely, the LIC, the State Bank of India, the Punjab National Bank and the Bank of Baroda, are going to be a part and parcel of this sponsor company. What we understand from the Press is that they would be a part of the sponsor company to administer UTI - II which would deal with nearly Rs.17,000 crores. If the Government says that the UTI - II is a transitional vehicle, then, what I want to know is, once it is privatised, in which account are you going to credit the amount realised through the transactions after privatisation? The UTI deals with the deposits of more than two-and-a-half crores of people. I would also like to know whether the dividend, which was paid previously, say, 25-30 per cent, was from the profit accrued or it was a tailored one. Mr. Minister, it is mostly the retired people and widows who have saved their money in it. On the one hand, I do welcome the proposal made by the Government; they have come out with a package to save millions of people. At the same time, what I want to know is whether the UTI - I, would continue its business or it would be wound up. In case it is going to be wound up - you had already given your commitment regarding protection of employees in your Statement of Objects and Reasons - what I want to know is regarding protection of employees. How is your promise going to be given effect to? You have given a commitment. But how are you going to honour your commitment regarding protection of employees?

Sir, it is, no doubt, true that capital formation is necessary for industries. Now, if we deposit money with private institutions, interest will be more, but the principal is not safe. But if we deposit it with the banks, even though the interest is less, the principle is in safe custody. But, once the banking institutions are privatised, gradually, people would doubt whether the money deposited by them would be safe or not. Here, I should mention about two things. One is regarding the rate of domestic savings and the other is about the service sector. We are getting money for capital formation. But it is the service sector which is going to be affected because of the 'Sons of the soil' theory which is being followed in Germany and Britain. That is why I say that the service sector is going to be affected. But it is not that it is going to be affected immediately, but this would be the case in five or ten years' time.

Then, as regards domestic savings limits, I want that there should be some sort of deposit insurance on all the deposits. Here, I would also say that insurance companies should not become bankrupt. We all know that in the U.S. there was a loss of 400 million dollars, and the insurance

companies became bankrupt. If we do not have deposit insurance, whom would the investors approach? In case the company, with which the people have deposited their money, goes bankrupt, then, in the national interest, through the deposit insurance, the money can be repaid to the investors.

With these words, I support the Bill. Thank you, Sir.

DR. T. SUBBARAMI REDDY (Andhra Pradesh): Sir, I would be very brief. I need not repeat what my other colleagues have said. The most important thing is, this was the dream scheme of Pandit Jawaharlal Nehru. It was a phenomenal scheme in those days when the people throughout the country had the confidence that if, they deposit their savings in the UTI it would be safe, and whenever they want it, they would be able to get back the money with interest, and the dividend will be assured. This was the basic principle. Now, what the nation wants, what the people of India want, is protection for the depositors and also protection of the scheme. On one point, we are happy that the Government has come forward to restructure the system; at the same time, we are unhappy that there are so many loopholes even in the present Bill, which are going to give problems, as far as the future system is concerned. You must bear in mind, Sir, that one of the major setbacks, which is responsible for the UTI failing was, it was not linked with the SEBI. Actually, the UTI is supposed to collect deposits from the people and again reinvest it in profit making companies so that they get more dividend from the investments or in reselling, they get money. This is now very much linked with the SEBI. In the past few years it was not linked with the SEBI. That was one of the major reasons for the problem in the UTI. Another thing is as Dr. Manmohan Singh said, the economy in the last few years, has been sliding. I do not want to go into the reasons. Whatever may be the reasons, it is unfortunate for our nation. In the last few years it has been going down. Take textiles, cement, sugar, steel; you take any industry in the country; it is sick. No industry is making profit. This is the major reason. When all the products, all the industries, in fact, the entire economy, are sliding. It has a greatest bearing on the UTI. This is one of the reasons. The Government should bear this in mind, besides restructuring the UTI, into UTI-I and UTI-II. UTI-I in regard to the guaranteed portions and UTI - II for some speculation. That is different. Now, the question is, how to have a perfect system. The hon. Finance Minister must convince the House. Now, the feeling is that, when the Joint Parliamentary Committee is going into this question, they could have waited for some

more time before promulgating an ordinance, because the Joint Parliamentary Committee would be able to come up with some good suggestions for plugging these loopholes and also to strengthen the system. Even, now, I appeal to the hon. Finance Minister. The Joint Parliamentary Committee has not only been constituted to find the reasons for the failure of UTI, and identify the people who are responsible for it, but also to give some good suggestions for strengthening the UTI. So, I will be grateful to the hon. Finance Minister if he assures this august House that he will take this into account. Even after the passage of the Bill, if good suggestions come, even then the door should be open, and those suggestions should be used for strengthening the UTI. One more important thing, where everybody gets a doubt is this. You have got a deposit of Rs. 60,000 crores. A few thousand employees are there. The Bill does not say, how the employees are going to be apportioned between the two institutions. I hope the hon. Finance Minister will reply, in a nutshell. Though he may not be able to tell it immediately, I hope he will give us some general idea - there should be a basic policy and principle - as to what guidelines the Government is going to dilute the deposit and also how the employees are going to be apportioned between the two institutions. Sir, it is good that four or five banks, including the Bank of Baroda, the Punjab National Bank and the State Bank of India, are going to sponsor this new company, and they are going to help it. But I want a clarification from the hon. Finance Minister. Sir, now, each of these banks have their Mutual Funds. It is very important that there is no clash of interests amongst them. The hon. Minister must make sure that there is no clash of interests, and that such things are not repeated. Then, several hon. Members have expressed doubts. Sixteen thousand crores of rupees have already been given as a bail-out package by the Government. Again, some more money may also be required to be given. So, where will be the end of it? All such doubts have been raised. It will be good if the hon. Minister could tell us specifically as to how much money is available for restructuring. Also, how much money is required to fulfil the liabilities, so that the interests of the depositors can be taken care of. Thirdly, the Government must make sure that the restructured company has a cent per cent, foolproof, system so that there will not be any problem in future. Of course, it cannot be based on astrology or any miracle; there have to be sound economic principles, and that is why, I would like the hon. Minister to assure the House that he is confident that the restructured UTI-I & II will be strong and safe.

In conclusion, I want to say that the entire nation has been talking about the functioning of the UTI. Of course, nobody has been praising the UTI. Almost everybody has been using abusive language, of course, in different degrees. Now, Sir, if you really want to get good results, you have to go seriously into the factors that have played a major role in the fall of the UTI, as well as the factors that are now required to lift it up. The other thing is that, you have simply mentioned that UTI - I is administrative, and UTI-II is professional. I feel it is very vague. You have to state categorically who the administrator will be, what his powers will be, and how he will be solving the problems. Similarly, you have to make it clear, about the professional part of it. Of course, I agree with my comrade who was very upset and angry that so many things had gone wrong...

SHRI JIBON ROY: I am angry, but I am not upset.

DR. T. SUBBARAMI REDDY: Sir, everybody feels the agony. But, besides feeling the agony, you should suggest the solution also. Only feeling the agony is not going to help. I also have agony. I get upset and sad as to how to solve the problems of this great nation, how to build up new systems. Yes, it is very important to find fault. For that also, suggestions should be given by hon. Members. We have to grill the Government. We have to punish the people who are involved, who are accused. But, at the same time, we must also be conscious, cautious, judicious, constructive and practical while restructuring the system. Therefore, I want the hon. Finance Minister to keep in mind all these points and assure this House, and the people of India, that the restructured company will be in the safest possible hands, and that there will not be any possibility of any calamity happening, like it happened earlier; the dividend has come down from 20-30 % to zero per cent; even the asset value came down from Rs.17 to Rs.8. All such things will not happen again. Also, dividend should not be paid, without getting profit as they did it earlier. That is also wrong. The people who have paid the dividend, without making profit, are to be blamed; their action is inexcusable. It was very improper on their part. I want the hon. Finance Minister to state in very concrete terms as to how he is going to tackle such things and make it successful.

उपसभाध्यक्ष (श्री संतोष बागड़ोदिया) : श्रीमती सरोज दुबे, आपके पास 8 मिनट हैं ।

श्रीमती सरोज दुबे (बिहार): माननीय उपसभाध्यक्ष जी, यू.टी.आई से संबंधित विधेयक ऐसे समय में आया है जबकि पार्लियामेंट की संयुक्त समिति इस पर विचार कर रही है । उसका

प्रतिवेदन तो अभी नहीं आ पाया लेकिन अध्यादेश आ गया और अध्यादेश के बाद अब यह विधेयक हमारे सामने आया है और उस यू.टी.आई के निरसन की ओर जिसके पीछे लाखों लोगों के आंसू व दर्द छुपे हुए हैं । यू.टी.आई की स्थापना 1964 में जिन उद्देश्यों को लेकर की गई थी उसमें प्रमुख बात यह थी कि ऊपर के तबकों का धन जो अनुत्पादक क्षेत्रों में लगा था उसको उत्पादक क्षेत्रों में लगाना । उस समय लोग अपना धन गाड़ कर रखते थे या फिर सोना खरीदने में लगाते थे । इस कारण राष्ट्र के चिंतकों ने सोचा कि एक ऐसी स्कीम लाई जाए जिससे जनता को अपने निवेश पर अच्छी आय प्राप्त हो और उस रकम की गारंटी भी मिले । उस समय जनता को यह भरोसा दिलाना कि उसका पैसा यू.टी.आई में सुरक्षित है और उसका उसे लाभ भी मिलेगा यह बहुत बड़ी बात थी क्योंकि जनता आसानी से अपना पैसा निकालने वाली नहीं थी । लेकिन यूएस 64 स्कीम जनता का विश्वास जीतने में सफल रही और इस स्कीम में जनता ने तमाम पैसा लगाया और उसका जो अनुत्पादक धन था वह उत्पादक क्षेत्र में गया और लोगों को इस बात का बड़ा गर्व हुआ कि उनका पैसा सुरक्षित भी है और देश के विकास के काम में भी लग रहा है और उनके अंदर बचत की आदत भी पड़ी। अनुत्पादक क्षेत्र से पैसा निकलवा कर उत्पादक क्षेत्र में लगाने में सब से बड़ा हाथ यूटीआई का था । जनता को भी यह विश्वास था कि उसका पैसा कभी डूबेगा नहीं, क्योंकि वह सरकार की स्कीम पर आंख मूंद कर विश्वास करती थी और इसमें तमाम गरीबों ने, मध्यम वर्ग ने और पेंशन याफ्ता लोगों ने बड़े भरोसे के साथ पैसा लगा दिया । 1990 तक तो किसी ने सोचा भी नहीं था कि उसका पैसा इस तरह से डूब जाएगा और यू.टी.आई का यह हश्र होगा । सरकार ने कहा कि निजी क्षेत्र की नुमायंदगी भी होगी, और नए खिलाड़ियों ने आकर इसका खेल चौपट कर दिया । इसमें राजनैतिक हस्तक्षेप बढ़ गया । कुप्रबन्धन, पारदर्शिता तथा एकाउंटेबिलिटी के अभाव में इतना बड़ा घोटाला हुआ और तमाम लोगों को इसका नुकसान हुआ । तत्कालीन वित्त मंत्री ने तो इसकी जिम्मेदारी लेने से भी इंकार कर दिया। इससे बड़ा उत्तरदायित्वहीनता का उदाहरण दूसरा कोई नहीं हो सकता था । लेकिन अब आप एक विधेयक लाए कि यूएस 64 यू.टी.आई को समाप्त कर दिया जाएगा तो ऐसे में जनता परेशान है कि उसका पैसा कहां जाए, उसकी जमा योजना कहां जाए, वह पैसा कहां रखे और क्या करे। तो दो करोड़ मध्यम वर्गीय लोगों का जो पैसा डूब गया है, न जाने कितने लोगों ने आत्महत्याएं की हैं, कितने लोगों ने अपने बच्चों की शादी के लिए पैसे रखे थे, भविष्य की तमाम योजनाएं बना कर रखी हुई थीं, वे सभी परेशान हुए और उनको बहुत सदमा लगा । उसके बड़े दुष्परिणाम हुए । उनको दोहरा कर मैं आपका समय नही खराब करना चाहती हूं । लेकिन अब सरकार ने इस कानून को रद्द करके इसको दो हिस्सों में बांटने की योजना जो बनाई है, यू.टी.आई.-1 और यू.टी.आई -2, पहले हिस्से में यूएस-64 सहित ऐसी योजना है जिसमें निवेशकों को सुनिश्चित भुगतान किया जाएगा और इसका प्रबन्धन सीधे सरकार के हाथ में होगा । ऐसा बताया गया है कि एक एडमिनिस्ट्रेटर होगा । मैं माननीय मंत्री जी से जानना चाहूंगी कि इसका प्रबन्धन किस प्रकार से रखेंगे ? क्या सरकार के नियंत्रण में होगा या एडमिनिस्ट्रेटर ही पूरा मालिक होगा या इसके लिए कोई सलाहकार समिति होगी ? किस प्रकार से सावधानीपूर्वक इसका प्रबन्धन किया जाएगा ताकि भविष्य में फिर किसी प्रकार का कोई घोटाला न हो और जनता का विश्वास न टूटे ? यह सभी को मालूम है कि काठ की हांडी दोबारा नहीं चढ़ती है और दूध का जला छाँछ भी फूंक-फूंक कर पीता है । यह जो संशोधन विधेयक आप लाए हैं इससे भी जनता का विश्वास जीतना बहुत कठिन काम है, लेकिन फिर भी आप एक प्रयास कर रहे हैं । तमाम शंकाओं के बीच हमारे मन में आ रहा है कि शायद इस पर जनता का

उतना विश्वास न जग सके, क्योंकि जनता पहले ही बहुत धोखा खा चुकी है । दूसरे हिस्से में कंपनी की कुल परिसंपत्तियों की कीमत, नैट एसेट वैल्यू पर आधारित योजनाओं को रखा जाएगा। बाद मे उस हिस्से का निजीकरण कर दिया जाएगा । अब प्रश्न यह उठता है कि सरकार कोई सुनिश्चित भुगतान करने वाली योजना का प्रारंभ कर पाएगी या नहीं ? यह संदेह के घेरे मे है बल्कि यू.एस.64 सहित इस तरह की जो भी योजनाएं चल रही हैं, समझा जा रहा है कि उन को भी आगे चलकर बंद कर दिया जाएगा। तो यह जो विधेयक आ रहा है, यह सीधे-सीधे तमाम वित्तीय संस्थाओं को निजीकरण की ओर ले जाने की प्रक्रिया है । उन के निजीकरण का मार्ग प्रशस्त किया जा रहा है । उपसभाध्यक्ष महोदय, जब यह सारा कुछ निजीकरण की ओर चला जाएगा तो हमारे ग्रामीण इलाके के लोग जिनका निजीकरण से कोई वास्ता नहीं है, जो सरकार पर आंख मूंदकर भरोसा करते हैं, जो मध्यम वर्गीय लोग हैं, जो चाहते हैं कि उन का पैसा सुरक्षित रहे, उन की बचत कैसे होगी, यह समझ नहीं आता है ? महोदय, कहा जाता है कि 8 परसेंट इकॉनोमिक ग्रोथ के लिए 30 परसेंट सेविंग होनी चाहिए । हमारे यहां पहले तो 25 परसेंट सेविंग थी भी पर अब यह 22 परसेंट हो गयी, तो किस तरह से आप इकॉनोमिक ग्रोथ के मार्ग पर चलेंगे? इस के अलावा इस विधेयक में यह भी नहीं बताया गया है कि यू.एस.64 को आप दो हिस्सों में तो बांट रहे हैं, इन का "फेट" क्या होगा, आप ने यह भी नहीं बताया कि कैसे क्या करेंगे, लेकिन बाहर कहा जा रहा है कि इस का निजीकरण कर दिया जाएगा । तो मैं मंत्री महोदय से जानना चाहती हूं कि आप के मन में क्या है ? उपसभाध्यक्ष जी, मैं तो पॉलिटिकल बात भी करूंगी । भविष्य में 9 स्टेट्स मे चुनाव होने वाले हैं और ऐसी स्थिति में आप 2 करोड़ लोगों को नाखुश नहीं कर सकते । महोदय, जिन लोगों का पैसा गया है, वह दुखी होने के साथ-साथ नाराज भी बहुत हैं और आप इस तरह के लोगों को नाखुश कर के नहीं रख सकते । इसलिए उन के आंसू पोंछने के लिए यह एक स्कीम आप ला रहे हैं, लेकिन इस सारी स्कीम के पीछे आप की भावना निजीकरण की है । इस से हमारे देश की इकॉनोमी का सत्यानाश हो जाएगा और बाहर की आर्थिक शक्तियां हमारे देश में प्रवेश कर जाएंगी । फिर सवाल उठेगा कि हमारा गरीब आदमी जो परेशान है, वह कहां जाएगा, क्या करेगा ?

इसलिए आप जो यह विधेयक लाए हैं, मैं आप से फिर कहना चाहती हूं कि इस पर फिर से गंभीरता से विचार करें क्योंकि आप यह जो ऑर्डिनेंस अचानक लाए हैं, उस से लोगो के मन में बड़ी भारी शंका है कि जब संसद का सत्र प्रारंभ होने वाला था, आप फटाफट ऑर्डिनेंस ले आए और फटाफट विधेयक ले आए जिस से लोगों को ठीक से विचार करने का मौका नहीं मिला। महोदय, यह एक गंभीर मामला है । आप ने दो करोड़ लोगों के भाग्य को चौपट कर दिया है । आप लोगों के विचार लेते, उस के बाद विधेयक लाते, विचार होता, स्टेंडिंग कमेटी मे विचार होता और फिर कुछ करते । लेकिन आप को तो हड़बड़ी रहती है । आप संसद की अवमानना कर अध्यादेश ले आते हैं और लोगों की तकदीर से खिलवाड़ करते हैं । इसलिए मैं कहना चाहती हूं कि आप इन सारी बातों को स्पष्ट करें । महोदय, इस विधेयक का समर्थन करने का हमारा इरादा नहीं था, लेकिन अनमने ढंग से और असहायता के कारण हम इस विधेयक का विरोध नहीं कर पा रहे हैं । महोदय, मंत्री जी इस विधेयक के संबंध में उठायी गयी तमाम सदस्यों की शंकाओं का पूरा-पूरा जवाब दें ताकि आप की जवाबदेही जनता के बीच में जाहिर हो और आने वाले दिनों में फिर से यू.एस.64 की तरह से कोई घोटाला न होने पाए । महोदय, इस में किसी की अकाउंटेबिलिटी भी फिक्स होनी चाहिए । महोदय, दो करोड़ लोगों का पैसा हड़प

हो गया और किसी की जिम्मेदारी नहीं । बाद में मंत्री जी बदल दिए गए । अब जसवंत जी आए। वह बहुत काबिल और ईमानदार आदमी हैं और हमें उन पर पूरा विश्वास है । उन की योग्यता पर पूरा विश्वास है, लेकिन पुराने वित्त मंत्री जी जो घोटाला कर गए, पुराने मंत्री जी जो लापरवाही कर के सारा कुछ बिगाड़ गए, उस को कहां तक आप ठीक कर पाएंगे ? इसलिए आप हमें बताएं कि आप यह जो विधेयक लाए हैं, इस को कैसे संचालित करेंगे ? लोगों की बचत को कैसे बढ़ाएंगे, कैसे इस योजना को चलाएंगे ताकि इकॉनोमिक ग्रोथ की तरफ हम पहुंच सकें और 30 परसेंट तक बचत कर सकें ।

इन सभी शंकाओं को लेकर मैं इस विधेयक का विरोध करती हूं । धन्यवाद ।

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Mr. Chitharajan, you have five minutes.

SHRI J. CHITHARANJAN (Kerala): Mr. Vice-Chairman, Sir, I support the Statutory Resolution that this House disapproves the Unit Trust of India (Transfer of Undertaking and Repeal) Ordinance, 2002.

Sir, I also opposed the Unit Trust of India (Transfer of Undertaking and Repeal) Bill, 2002.

Sir, the Unit Trust of India was established with certain noble objectives of mobilising the savings in our country and utilise it for the accelerated development of our economy. In its first two or three decades, the UTI was functioning well and the people had extreme confidence in it because it was a Government undertaking. During this period it had a tremendous growth and it emerged as the tallest mutual fund organisation in the whole country. But for the last few years, it has been in crisis, it has landed into trouble. I need not go into the details. But these are all man made situations. All these points are being looked into by the Joint Parliamentary Committee. What I understand is that the Committee has almost finalised its report and it is to be submitted within the next few days. Naturally, the Committee may mention the factors which led to this crisis. It may also suggest the steps to be taken to remedy the situation. Therefore, the Government could have waited till the Joint Parliamentary Committee had submitted its report. I do not know why the Government was so impatient in taking certain steps to restructure this organisation. It is always better to deeply look into the problems and come to certain solutions. Instead of that, why should there be a haste? My request to the Government is that even now they can wait till the time the

JPC submits its report and its suggestions and opinion are presented before this House. Secondly, what I have to say is about the route the Government have selected. It was on October 29, the Ordinance was issued. The Parliament was going to meet on 18th November. Therefore, what was the urgency to come forward with an Ordinance at that time, just on the eve of the Parliament Session? That is also a bad trend. That is also one of the reasons for which I oppose this Bill. Thirdly, this organisation is proposed to be bifurcated into Unit-I and Unit-II. The Assured Income Schemes will go to the Unit-I and the other schemes will go to the Unit-II. My fear is that this is a process of liquidation. I would submit that in this way they are starting its liquidation. For example, in the Unit-I only the Assured Income Schemes are there. When all these things happen, naturally, the confidence of the people is shaken and the possibility of people continuing their Units with this organisation is very remote. They will take back their Units. People may take back their money and redemption will be there. No new Units will be starting and no new scheme will be started. Naturally, it will come to an end. It is a kind of liquidation that will take place. Now take, for example, the Unit-II. In the case of the Unit-II also, it is left to the private sector. But, of course, there are people who believe in the efficiency, morality and all sorts of things of the private sector. But we all know that a section of the private sector, the corporate sector had also played a very serious role in bringing this organisation to this stage. Why should it be handed over to the private sector? Moreover, it should be considered in that background when the Government is thinking that we should attain economic development at the rate of 8 per cent per year. The hon. Prime Minister repeatedly says, 'Unless 8 per cent growth rate is attained, we cannot solve the problems of poverty and unemployment'. Ask us 'Are you seriously interested in it'. Our reply, of course, is that we are interested in bringing or getting the FDI. But, the FDI, in our country or in any other country, can play only a supplementary role. For the development of the economy of a particular country, the main thing that we will have to depend on is our own national savings. In that case, our position is very bad. We are having our national savings only to the extent of 22 per cent and we have to raise it to 30 per cent, or, even up to 40 per cent. In that case, this institution will have to play an important role. Then, say about the loss. All of us are aware that in the public sector, during the last five years, some of the nationalised banks were in crisis. The entire country knows about it. But, yet, there was no draw Why? It is because of the fact that it is Government-owned institution. And,

now, the health of those institutions has been improved. It is coming up. In some way, this could also be improved. Then, why should there be any private sector? Why should it be handed over to the private sector? That is one of the reasons for which I oppose this Bill.

The other point is about employees and officers. Unfortunately, in our country, employees and officers are not being considered as human beings. It is not considered that they are having human rights and fundamental rights. In order to develop the industry, should they be treated as slaves? And, the employees are going to be transferred to the private sector. The Government has not consulted the workers, officers and their organisations. They have decided that they should be handed over to private sector. What would be their future? The very future of the institution itself will be in uncertain. And, in that case, naturally, the employees and officers will have their own apprehension. Therefore, once again, I appeal to the hon. Finance Minister and the Government that the question of passing this Bill should be postponed for sometime or till the Report of the JPC comes in and then a detailed discussion can take place on the basis of that Report. That would be better. Thank you.

उपसभाध्यक्ष (श्री संतोष बागड़ोदिया) : श्री संजय निरुपम । संजय जी, आपके पास पांच मिनट का समय है ।

श्री संजय निरुपम (महाराष्ट्र) : उपसभाध्यक्ष जी, यू.टी.आई. पर, उसकी स्थिति सुधारने के ख्याल से सरकार जो नया विधेयक लेकर आई है, मैं उसके समर्थन में खड़ा हूं, लेकिन उसके साथ ही साथ मैं कुछ सुझाव भी देना चाहूंगा और माननीय मंत्री महोदय से कुछ सवाल भी पूछना चाहूंगा ।

महोदय, लगभग डेढ़ वर्ष पहले हमने इसी सदन मे यू.टी.आई में जो अनियमितताएं हुई थीं, जिनकी वजह से निवेशकों के हजारों करोड़ रुपए डूब गए थे, उस पर खूब विस्तार से चर्चा की थी और बड़ी गर्मागर्म चर्चा की थी । एकदम जब भूकम्प या तूफान आता है, उस समय जो गर्मी होती है, उस चर्चा में हमने वह गर्मी महसूस की थी, लेकिन तूफान या भूकम्प गुजरने के बाद जो शांति होती है, वह शांति आज सदन में है । इसलिए मैं चाहता हूं कि माननीय वित्त मंत्री जी से शांति से कुछ सवाल किए जाएं ।

महोदय, यू.टी.आई.को दो हिस्सों में बांटने का प्रस्ताव है, लेकिन इसका उद्देश्य क्या है, यह समझ में नहीं आ रहा । जो यू.टी.आई.पार्ट-1 है, उसके पीछे मौटे तौर पर विचार आ रहा है कि इसको बंद किया जाएगा । इसको बंद करने से अगले साल मई महीने में लगभग 10,000 करोड़ रुपए का रिडेम्शन प्रेशर, भुगतान दबाव सरकार के समक्ष आएगा। आज

यू.टी.आई.-1 का लगभग 24,000 करोड़ रुपए का पूंजी निवेश है, जिसमें से 18,000 करोड़ रुपया यू0एस0-64 के हिस्से का है । मैं चाहूंगा कि मंत्री महोदय स्वयं बताएं कि इस 18,000 करोड़ रुपए की ताज़ा स्थिति क्या है ? थोड़ा-बहुत जो हम अखबारों के ज़रिए और मार्किट ऐक्टिविटीज़ के ज़रिए जानते हैं, उसके हिसाब से यह लगभग 11,000 करोड़ रुपए है और जो हमारा वादा था, वचन था, उसके हिसाब से अगर हम अगले साल भुगतान करने जाएं तो लगभग 7,000 करोड़ रुपए का गैप आ रहा है, घाटा हो रहा है । उस घाटे को भरने की क्या व्यवस्था है ? उस घाटे को कैसे भरा जाएगा, यह अभी तक समझ में नहीं आ रहा है । सरकार bail-out कर सकती है, सरकार अपनी तरफ से पैसे दे सकती है लेकिन पिछले साल हम लोगों ने जो सवाल उठाया था, उसमें यू.टी.आई.के पैसे डूबने के बारे में और अगर मैं bluntly कहूं तो यू.टी.आई. के पैसे लूटने के बारे में हम लोगों ने जो सवाल खड़ा किया था, उसका जवाब आज तक नहीं मिला। JPC बन गई और पूरे मामले की छानबीन चल रही है, स्टॉक मार्केट के स्कैम के बारे में छानबीन चल रही है लेकिन यू.टी.आई. का पैसा कहां गया, किस-किस ने खाया और उन लोगों के खिलाफ क्या कार्यवाही हुई, यह सचमुच आज तक समझ में नहीं आया ।

महोदय, मैं किसी पर व्यक्तिगत आक्षेप नहीं लगा रहा हूं लेकिन मैं सदन का एक सदस्य होने के नाते एक सवाल पूछ रहा हूं । मैं माननीय वित्त मंत्री जी को याद दिलाना चाहूंगा कि उसी दरम्यान माननीय प्रधानमंत्री जी इस सदन में आए थे और मैंने जो आरोप लगाए थे, उनके बारे में उन्होंने एक आश्वासन दिया था कि यू.टी.आई.स्कैम में या Cyber नाम की जो कंपनी थी, उस स्कैम में अगर प्रधानमंत्री कार्यालय से जुड़े किसी भी व्यक्ति का हाथ है और अगर इस तरह का आरोप लगाया गया है तो पूरे मामले की छानबीन होगी । माननीय प्रधानमंत्री जी ने सदन में यह आश्वासन दिया था लेकिन आज तक इस बारे में कुछ नहीं हुआ । जिस व्यक्ति के बारे में मैंने यह आरोप लगाया था, अगर वह आरोप गलत है तो उसे वापस लिया जा सकता है और इसकी जो सज़ा होगी, यह भी मैं भुगतने के लिए तैयार हूं, यह मैं उस दिन से बोल रहा हूं लेकिन जो आरोप लगाए गए, उन आरोपों की छानबीन तो होनी चाहिए, उस व्यक्ति को तो बुलाना चाहिए । आज तक JPC में उस व्यक्ति के नाम से एक भी सम्मन इशू नहीं हुआ और बाकी एजेंसियां जो इस कामकाज में लगी हुई हैं, उन्होंने भी कभी कोई नोटिस नहीं दिया ।

श्री भारतेन्दु प्रकाश सिंहल : मतलब JPC ठीक काम नहीं कर रही है, यह आपका कहना है?

श्री संजय निरुपम : मैं इतना बड़ा आरोप नही लगा सकता हूं कि JPC काम कर रही है या नहीं कर रही है लेकिन मैं चाहूंगा कि सदन के जरिए यह याद दिलाया जाए कि डेढ़ साल पहले माननीय प्रधानमंत्री जी ने एक आश्वासन दिया था और वह आश्वासन सदन में दिया था, मुझे दिया था, तो उस आश्वासन को पूरा करने की दिशा में कुछ कार्यवाही होनी चाहिए।

महोदय, मोटे तौर पर यह बात निकलकर आ रही है कि US-64 और यू.टी.आई. के पहले पार्ट में बाकी जो स्कीम्स हैं, उन्हें भी धीरे-धीरे बंद करने की योजना है । एक MIP स्कीम है जिसमें ज्यादातर बुजुर्गवार लोग इन्वॉल्व हैं, जो सीनियर सिटिजंस का इन्वैस्टमेंट प्लान है। करीब 70 लाख रिटायर्ड लोगों के पैसे उस स्कीम में लगे हुए हैं । वह एक ऐश्योर्ड स्कीम थी

और उसके जरिए उन्हें हर साल पैसे मिलते थे । उस स्कीम में 14 परसेंट इंट्रस्ट रेट था, पता नहीं इस समय कितना इंट्रस्ट रेट है लेकिन पूरे हिंदुस्तान में बचत पर ब्याज की जो दरें हैं, वे लगातार कम होती जा रही हैं । अगर यह MIP स्कीम भी बंद हो गई तो इन बड़े बुजुर्गों के पास बचत रखने और उसके जरिए अपने आखिरी दिनों को गुजारने का जो साधन था, वह साधन उनसे छिन जाएगा । बिल्कुल इसी तरह से बच्चों के लिए एक फंड था - Children Gift Fund. वह 21 साल की एक स्कीम थी और उसमें भी लोगों ने बड़े पैमाने पर पैसे लगाए थे । ऐसी स्कीमों को अगर वाइंड-अप किया जाएगा तो अंततः इस देश में जिन लोगों ने सरकार पर भरोसा करके, यू.टी.आई. पर भरोसा करके करोड़ों रुपए अपनी जेब से डाले, उनको आखिरकार अगले साल हम धोखा देने जा रहे हैं । ऐसी धोखाधड़ी को रोकने की दिशा में सरकार की तरफ से एक आश्वासन आना चाहिए और आने वाले दिनों में यू.टी.आई.-I के अंतर्गत जो स्कीम्स हैं, उनके बारे में सरकार की अपनी ठोस योजना, ठोस व्यवस्था क्या है, इस बारे में मैं विस्तार से जानना चाहूंगा ।

महोदय, यू.टी.आई.-II में जो प्रश्न मुख्य तौर पर उभरकर आता है, वह इम्प्लॉयीज़ से जुड़ा हुआ है और मेरे ख्याल में सारे सदस्यों ने यू.टी.आई. के इम्प्लॉयीज़ के बारे में अपनी-अपनी चिंता व्यक्त की है । मैं भी उसमें शामिल होता हूं । यू.टी.आई. में आज लगभग 2,400 कर्मचारी हैं। उन कर्मचारियों के बारे में बाकायदा इस बिल में प्रावधान है कि जितने भी यू.टी.आई. के इम्प्लॉयीज़ हैं, जैसे ही यह बिल पास होता है और कानून बनता है, वैसे ही वे यू.टी.आई.-II के इम्प्लॉयीज़ हो जाएंगे और उनके सामने यह ऑप्शन है कि आप यू.टी.आई.-II के इम्प्लॉयीज़ हो जाइए, अगर आप नहीं होते हैं तो आपको 6 महीने का समय दिया जा रहा है, आपको 6 महीने के अंदर खुद रिटायर होना पड़ेगा, आपको निकलना पड़ेगा । उसमें बाकायदा सैक्शन 6 का सब-क्लाज़ (3) है कि - "Where an officer or other employee of the Trust opts under sub-section (1) not to be in employment or service of the specified company, such officer or other employee shall be deemed to have resigned." यह थोड़ा सा खतरनाक मामला है। यू.टी.आई.के सारे चौबिस हजार एम्प्लोइज को अगर आपने यू.टी.आई -2 में डाल दिया जिसकी कुल वर्थ 18 से 20 हजार करोड़ होगी। ...**(समय की घंटी)**... बस खत्म करुंगा।

यू.टी.आई-2 की जो वर्थ होगी आफ्टर बाइफरकेशन, विभाजन के बाद उसकी जो अपनी वर्थ होगी, उसकी जो पूरी अपनी जमा पूंजी होगी, वह 18 से 20 हजार करोड़ के आसपास होगी। इस समय यू.टी.आई के एम्प्लोइज की सेलेरी, एडमिनिस्ट्रेशन कॉस्ट वगैरह सब निकालें तो पूरे यू.टी.आई का जो वर्क है उन पर 0.8 परसेंट खर्च होता है। अगर हमने सारे के सारे एम्प्लोइज को उठाकर पार्ट-2 में डाल दिया यानी जो कम्पनी चलने वाली है, उसमें अगर हमने डाल दिया तो लगभग 3 परसेंट से ज्यादा सारा खर्च आएगा उनकी सेलेरी बिल के ऊपर, उनके एडमिनिस्ट्रेशन कॉस्ट के ऊपर। यह कितना होता है यह समझने की जरूरत है। 18 से 20 हजार करोड़ रुपए के हिसाब से जो तीन परसेंट खर्चा आएगा वह 700 से 800 करोड़ आएगा। जिसमें 200 करोड़ रुपया तो सेलेरी बिल होगा। अब इतना बड़ा खर्च यू.टी.आई पार्ट-2 शायद नहीं उठा पाएगा। यानी एक बहुत बड़े सफेद हाथी को तैयार करने की हमारी योजना बन रही है। तो ऐसी स्थिति में मेरे पास उनके जो सुझाव हैं मैं उन सुझावों को आपके सामने

रखना चाहता हूं और इन सुझावों के साथ आपको यह भी बतलाना चाहता हूं कि आज यू.टी.आई. पार्ट-2 सेबी के पास जा रहा है। सेबी की अपनी गाइड-लाईंस है, एक कानून है, उसने एक नियम बना रखा है कि कोई भी कम्पनी अपने कुल वर्थ के ढाई परसेंट से ज्यादा खर्च एम्प्लोइज के ऊपर, एडमिनिस्ट्रेशन कॉस्ट के ऊपर, सेलेरी के ऊपर नहीं कर सकता। यानी अगर ढाई परसेंट से ऊपर जा रहा है एडमिनिस्ट्रेशन कॉस्ट या टोटल नॉन-प्लांड कॉस्ट, ऐसी स्थिति मे यू.टी.आई-2 को रोका जाएगा या फिर लोगों की सेलेरी कम की जाएगी या जबर्दस्ती जो एक वी.आर.एस. के नाम पर जिसको मैं बोलता हूं सी.आर.एस. है यह वोल्यूंटरी रिटायरमेंट स्कीम नही है यह सी.आर.एस. है कम्पलसरी रिटायरमेंट स्कीम आ गई है जबर्दस्ती उनको वी.आर.एस. देकर भगाया जाएगा।, यह आने वाले दिनों में एक संकट पैदा होने वाला है इसलिए हमारे सामने एक सुझाव है। सुझाव यह है कि यू.टी.आई.का अपना एक बैंक है उस बैंक का नाम है यू.टी.आई.बैंक। 1994 में यह बैंक बना था। इस बैंक की इस समय पूरी वर्थ लगभग दो हजार करोड़ के आसपास है। ढाई हजार एम्प्लोइज हैं, 127 ब्रांचेज हैं मंत्री महोदय और 54 ब्रांचेज नई खोली जाने वाली हैं इस साल। आने वाले पांच सालों में लगभग 400-500 नई ब्रांचेज खोलने जा रहे हैं। इन एम्प्लोइज के सामने एक ऑप्शन छोड़ देना चाहिए। जबर्दस्ती करने के बजाए कि आपको यू.टी.आई.पार्ट-2 के अंदर ही शामिल होना है, इसके बजाए उनको एक विकल्प दिया जाए, पर्याय व्यवस्था दी जाए कि आप चाहें तो यू.टी.आई बैंक में जा सकते हैं। यू.टी.आई.बैंक में उनके रिक्रूटमेंट के लिए बिल्कुल एक सिस्टम बना दिया जाना चाहिए। मैं नहीं बोल रहा हूं कि सीधे किसी भी व्यक्ति को किसी भी पोस्ट पर यू.टी.आई बैंक में डाल दिया जाए और यू.टी.आई बैंक के ऊपर एक नई लाइबिलिटी डालदी जाए, ऐसा भी नहीं चाह रहा हूं। लेकिन इन एम्प्लोइज के सामने, इन कर्मचारियों के सामने एक ऑप्शन अगर दिया जाए तो जो कर्मचारियों के सामने एक नया संकट आया है, नया खतरा आया है, जो एक दम से घबराए हुए हैं और जो परेशानी की अवस्था में हैं वे उस परेशानी से बच जाएंगे। किसी भी देश की अर्थव्यवस्था का विकास बगैर कर्मचारियों को सुख दिए, बगैर किसी वर्कर क्लस को सुख दिए नही हो सकता। इसलिए अगर आप सचमुच यू.टी.आई.को सुधारना चाहते हैं, मार्केट को सुधारना चाहते हैं, पूरा का पूरा जो हमारा इंवेस्ट करने वाला एटमॉस्फेयर है, उसको सुधारना चाहते हैं, उसको दुरुस्त करना चाहते हैं, स्पष्ट करना चाहते हैं तो इन कर्मचारियों को भी थोड़ा सा सुख देना पड़ेगा। उसको सुख देने की दिशा में मैं आपका ध्यान आकर्षित करना चाहता हूं। आपको कल की एक बात बतलाता हूं, बेलापुर में यू.टी.आई. की जो एक ब्रांच है वहां पर चेयरमेन साहब ने...**(व्यवधान)**...

उपसभाध्यक्ष (श्री संतोष बागड़ोदिया) : एक सेकेंड। आपके 5 मिनट थे, दस मिनट हो गए हैं। कितना समय और लेना चाहते हैं?

श्री संजय निरुपम : दो-चार-पांच मिनट और लेना चाहता हूं।

उपसभाध्यक्ष (श्री संतोष बागड़ोदिया) : दो मिनट ले लीजिए। दस मिनट हो गए हैं पांच मिनट के बजाए। प्लीज।

श्री संजय निरुपम : ठीक है, यह समय का संकट तो मेरे सामने हमेशा रहा है। इसके बावजूद मैं कोशिश करता हूं कि कम से कम समय में ज्यादा से ज्यादा बात की जाए।

कल यू.टी.आई. के चेयरमेन दामोदरन साहब ने बेलापुर में यू.टी.आई.के जो 300 टॉप के आफिसर थे उनकी मीटिंग में क्या कहा? उन्होंने साफ-साफ कहा कि आप लोग अपनी दूसरी नौकरी ढूंढना शुरू कर दीजिए, क्योंकि सरकार इसको बंद करने जा रही है -एक बात। और दूसरी बात, इसको प्राइवेट हैंड को देने जा रही है। इस तरह से पैनिक क्रिएट किया जा रहा है एम्प्लोइज और आफिसर्स के बीच, कहीं न कहीं उसका ख्याल रखना पड़ेगा। उस बारे में मैं माननीय मंत्री महोदय का ध्यान आकर्षित करने के लिए खड़ा हुआ हूं और मैं चाहूंगा कि मंत्री जी सचमुच इस बारे में देखें। अब यू.टी.आई.पार्ट-2 के प्राइवेटाइजेशन का मामला चल रहा है। ऐसा लग रहा है कि अंतत: इसको निजी हाथों में दिया जाएगा। मैं इसका बहुत ज्यादा विरोधी नहीं हूं। म्युचुअल फंड में सरकार रहे एकदम से यह कोई बहुत अच्छी बात नहीं है। लेकिन इस बात का ध्यान रखना पड़ेगा कि जो प्राइवेट सैक्टर के म्युचुअल फंड हैं, उनकी भी हालत कोई बहुत अच्छी नहीं है। म्युचुअल फंड की पूरी वर्किंग, उसका पूरा कामकाज सही ढंग से चले, सेविंग की जो परम्परा है, बचत की जो परम्परा है हमारे देश में वह परम्परा और समृद्ध हो, उसको और थोड़ा-सा प्रमोट किया जाए, उसको इनकरेज किया जाए, इस दिशा में सरकार को सचमुच गंभीरतापूर्वक ध्यान देना पड़ेगा। सिर्फ बिल बना देने से, यू.टी.आई.को दो हिस्सों में बांट देने से, इसका कल्याण नहीं होने वाला है। अगर आप चाहते हैं कि यू.टी.आई.में जिन गरीब लोगो के पैसे लगे थे और जो पैसे डूबे, आइन्दा ऐसा कुछ न हो तो सचमुच इस बिल के, इस कानून के कार्यान्वयन के समय, इम्पलीमेंटेशन के समय आपको थोड़ा-सा ध्यान देना पड़ेगा। धन्यवाद।

SHRI PRITHVIRAJ CHAVAN (Maharashtra): Mr. Vice-Chairman, Sir, I stand to support the Resolution moved by my leader, the Leader of the Opposition. Sir, I would not take much time of the House by repeating that we have been gravely distressed by the use of Ordinance route for an important financial legislation. Not only Parliament but also Parliamentary Standing Committee on Finance is being by passed. In this particular case, the Government could have waited for the Report of the Joint Parliamentary Committee which is looking into the UTI fiasco. I don't know why the Government does not want to wait for the suggestions of the Joint Parliamentary Committee which is going into the matter. Unfortunately, the Minister of Finance has not given us any convincing argument about the urgency for this legislation. In 1998, the Government had appointed Deepak Parekh Committee to look into the affairs of the UTI. The Report was available with the Government for the last four years, but the Government sat on it, and chose not to act. Mr. Parekh himself is on record saying that had the Government acted on the recommendations of the Deepak Parekh Committee, it could have saved thousands of crores of rupees. Now, all of a sudden, it woke up and came through an Ordinance to split the UTI.

Mr. Vice-Chairman, Sir, previous speakers have discussed, at length, about the 2nd July, 2001 fiasco. The then Minister of Finance was,

perhaps, not happy with the way the Chairman of UTI was running the institution. But what happened during the week end preceding 2nd July, 2001 amounted to nothing less than dereliction of duty. The then Minister of Finance kept on saying that he was not informed by the then Chairman. Who was whose boss? We realise that the appointment of the then Chairman of the UTI was prisoner to the coalition politics. There was pressure from the South for appointment of a particular person. And, under the leadership of Mr. Subramaniam, the UTI went down. My friend, Mr. Singhal, mentioned that the Congress Party could not do anything about the UTI for so many years. I would like to correct him that when we were handling the affairs of the UTI, the NAV of US-64 Scheme had touched Rs.18-19/-, and dividend of Rs.20-25 were given.

श्री भारतेन्दु प्रकाश सिंहल : उपसभाध्यक्ष जी, माननीय सदस्य ने ...**(व्यवधान)**...

SHRI PRITHVIRAJ CHAVAN: Mr. Singhal, you have made your point. Let me now ...*(Interruptions)*... I am just replying to what you have said ...*(Interruptions)*...I am only saying that the problem started 5-6 years back. The Government owes this country a white paper on what transpired during the week-end...*(Interruptions)*...preceding 2nd July...*(Interruptions)*...

श्री भारतेन्दु प्रकाश सिंहल : उपसभाध्यक्ष जी, माननीय सदस्य ने मेरा नाम लेकर के मुझे कोट किया है, मैं उसके बारे में एक बात कहना चाहता हूं।

SHRI PRITHVIRAJ CHAVAN: I am replying to what you have said...*(Interruptions)*...Mr. Singhal, let me reply. You have had your say...*(Interruptions)*...Let me reply to what you have said.

उपसभाध्यक्ष (श्री संतोष बागड़ोदिया) : सिर्फ नाम लेने से कुछ नहीं होता है।

SHRI B.P. SINGHAL: But he is attributing something to me.

उपसभाध्यक्ष (श्री संतोष बागड़ोदिया) : अगर आपके बारे मे कहा है, उससे आप एग्री नहीं करते हैं तो आप बैठ जाइये। ...**(व्यवधान)**...

श्री भारतेन्दु प्रकाश सिंहल : I must defend myself. सर, मुझे हक नहीं है कि मैं अपने को डिफेंड करूं?

उपसभाध्यक्ष (श्री संतोष बागड़ोदिया) : मैं समझ गया। आपको डिफेंड करने की जरूरत नहीं है। आपको कोई गाली थोड़े ही दे रहे हैं। इसमें डिफेंड करने की कोई आवश्यकता नहीं है।

श्री भारतेन्दु प्रकाश सिंहल : हम वर्ष 1994-95, 1995-96 की मिसचीफ ही तो भोग रहे हैं। ...**(व्यवधान)**...

उपसभाध्यक्ष (श्री संतोष बागड़ोदिया) : सिंहल जी, आप बैठ जाइये।

SHRI PRITHVIRAJ CHAVAN: I am only referring to what you have said. Let me defend my party. I think, the Government owes 2.5 crores to depositors who had trusted UTI and whose trust was betrayed, that such a thing would not happen again. How can the Minister of Finance say that the UTI Chairman did not inform him? And that he kept him in the dark. In any other country, the Finance Minister, after what had happened on 2nd July, 2001, would have resigned or he would have been sacked. I do not know what the Joint Parliamentary Committee on Securities Scam would say about this fiasco. But it is the duty of the Finance Ministry, it is the duty of the Government to issue a White Paper on the entire episode, and on the rational and the logic of splitting the UTI.

Sir, the Finance Minister has not informed us as to what the future plans for the UTI are. You have split it up. It seems the entire print media, the electronic media knows as to what is going to happen; the 39 private Mutual Funds know what is going to happen. What is going to happen is that you are going to close Unit-I, and you will privatise Unit-II. But you have not taken Parliament into confidence. It seems, there were some reports - I do not know whether they are authentic or not - that there was a Cabinet Note which specially said that the UTI-II will be privatised. But, later on, because of the internal differences, that note was changed, and it was said that the UTI would be disinvested. What is the real story? Everybody knows what are you going to do, except the Parliament. You have not taken Parliament into confidence. I want to know whether the Government wants to remain in the Mutual Fund industry or not. The UTI has almost 43 per cent share in the Mutual Fund industry, which is a Rs. 1 lakh crore worth of industry. If you include the SBI and other Government operators, you have about 51 per cent share. Are you going to quit this entire industry and leave the small investors to the mercy of private operators, foreign operators?

4.00 p.m.

Sir, when you consider the Mutual Fund industry, the size is very important. If you take the size of the UTI, the current size of the UTI, it is puny compared to the international giants. By making it smaller, you are really robbing it of its strength and its precursor to pegging its price down so that it can be handed over, on a platter, to some favoured private operators. People even talked about strategic sale of the UTI-II. Why do you want to have the strategic sale? Have you already decided as to what route you are going to adopt to privatise it? Please take us into confidence.

Sir, the proposed bail out of the UTI is going to cost this nation, according to the Government's current calculations, Rs. 14,600 crores. This is coming after a bail out of Madhavpura Cooperative Bank, which is worth Rs. 1200-1400 crores; the proposed bail outs of the IFCI, the IDBI, which may be a few thousand crores, because, most of them are running huge NPAs. Now, tens of thousands of crores are being spent on saving these institutions. Most of these institutions have been robbed by private sector operators, private sector corporate operators. Why do I say that is because, before the decision of the 2nd July to freeze the redemption of the UTI, many big people in corporate sector redeemed. There was a heavy redemption before that. Even the State Bank of India redeemed heavily. Was there insider-trading? What insider information leaked illegally? I hope the Government would bring out a White Paper on this issue and tell us about it. Has anybody been punished? What has happened to Mr. Subramanyam? He was put in jail for a few days. Where is he now? What is happening to the case that is pending against him? Nothing.

Sir, I was saying that when it comes to the bail out of these financial institutions, tens of thousands of crores have been earmarked. But when it comes to giving something to the poor farmers, nothing is done. Sugar industry is facing a grave crisis. There is a huge unsold stock. Unless those stocks are liquidated, exported, the industry will collapse, and it will take the Indian economy down with it. But the Government do not want to give export subsidies. Unless a huge one-time export subsidy is given to liquidate the present stocks, there would be a crisis. But you do not want to look at that. Tens of thousands of crores are being given for the Madhavpura Co-operative Bank and for the UTI.

Sir, about the proposed structure of the two institutions, the UTI-I and UTI-II, I would like to say that you have chosen to make a company out of one, and appoint an Administrator for the second. My question is : Why not both be made into Board-managed companies? Why do you want to bring an Administrator? It is just to make room for a lot of retired civil servants, retired bureaucrats. If you really want to make it a strong institution, let it be a professionally managed autonomous company. But unless you have already decided to kill it, already decided to under-price it, so that it can be bought by somebody else, then I can understand the logic. Please explain the logic to us. We are not convinced why you have done so. The logic seems to be strange. While splitting up any industry, it is the size that matters. If you do that you will have two administrative wings. You would have two Chief Managing Directors. There will be separate staff, staff cars, stationery, PAs. Everything will be split up. What would happen to the large team of retail agents? Retail agents are the strength of the UTI. Are they going to be split up? People have talked about complete bifurcation between the two schemes, a complete fool-proof protection. If you have two separate companies, there should be separate research and analysis wing. There should be separate development and investment departments for both. There should be a separate asset management committee for both. Is it your intention to stregthen these two institutions so that they play a role in the Indian economy as a stabilising force to intervene in the case for formation of cartalisation. The whole logic of the free market economy is competition regulated by a statutory, transparent and autonomous regulator. During the last sitting, we had passed a legislation whereby SEBI will become an autonomous and transparent regulator. These two are going to be supervised by the SEBI. Let them be strengthened. We need a public sector mutual fund operator to compete with the private sector. If the private sector is so efficient, then automatically it will overtake the public sector. But, we know what the private sector has done in this country and in other countries. We have got the examples of the Enron and the Worldcom and so many other companies. Let us infuse competition. Competition alone will bring in efficiency. For competition, there must be a regulator. There may be many private sector and public sector players. Let them be there, but let there be competition. I think the proposed Bill is not giving any confidence to us; it is not inspiring any confidence. We do not know what you really intend to do. Please, at the time of your intervention, allay our fears and explain to

us the logic of all these things. If you can persuade us, we might support the Bill. Thank you, Sir.

श्रीमती गुरचरण कौर (पंजाब) : उपसभाध्यक्ष महोदय, आपने मुझे बोलने के लिए समय दिया, इसके लिए धन्यवाद । महोदय, इस बिल के विषय में मैं सिर्फ अपने अनुभव बताना चाहती हूं। मैं इसके समर्थन में बोलने के लिए खड़ी हुई हूं । यह बिल तो ठीक है लेकिन बात यह है कि यह यूनिट ट्रस्ट जब चला तो किस समय चला ? किसका राज था उस समय? हमारे यहां पंजाबी में एक मुहावरा है -

"नानी ने खसम कित्ता, दोहती नूं चट्टी पई ।"

इसका भाव यह है कि नानी ने किसी और से शादी कर ली लेकिन ताने मिलते हैं तो उसकी दोहती को मिलते हैं, तो ऐसा क्यों किया जा रहा है ?

महोदय, मुझे भी इसका अनुभव है । मैं एक अध्यापिका थी और हमारे यहां सभी अध्यापकों ने उस समय बहुत सा पैसा यूनिट ट्रस्ट में लगाया । कहा जाता था कि यह बहुत सुरक्षित है, सरकार का है, यह कहीं नहीं जाएगा । यह गया भी कहीं नहीं, पैसा मिला है, बहुत मिला है । हमारे सभी अध्यापकों ने उसमें पैसा लगाया, मैंने भी लगाया और 1994, 1995 और 1996 तक तो यह इतना बढ़ता गया कि लोग बहुत ही प्रसन्न थे । उन्होंने बहुत नफा कमाया । नफा कमाया तो उस समय की सरकार ने दिखा दिया कि हमारी अर्थव्यवस्था बहुत अच्छी स्थिति में है, इसी कारण यूनिट ट्रस्ट में इतना लाभ हो रहा है परंतु वह लाभ कहां से आया ? वह तो सही पैसों में से निकाल-निकाल कर लोगों को आकर्षित करने के लिए उनको मुनाफा देते रहे । अभी मेरी एक बहिन ने यहां पर कहा कि पेंशनर लोगों ने इसमें पैसा लगाया, गरीब लोगों ने इसमें पैसा लगाया लेकिन अब वे आत्महत्याएं कर रहे हैं। तो मैं उन बहिन से यह कहना चाहूंगी कि यहां पर कोई गलत बात नहीं कहनी चाहिए, नहीं तो बहिनों की बातों पर लोग विश्वास करना छोड़ देंगे । मैं यह जानना चाहूंगी कि वे मुझे एक भी ऐसा केस बताएं जिसने आत्महत्या कर ली है। जब हम 24 हजार रुपए लगाकर 74 हजार रुपए उसका मुनाफा ले चुके हैं, अब अगर मुनाफा नहीं मिलेगा तो रकम तो कहीं नहीं गई। फिर हमारा क्या नुकसान हुआ? इसमें कोई नुकसान नहीं हुआ। जो दोष दे रहे हैं वे तो सरकार पर दोष लगा रहे हैं। पहले तो घोटाला होता रहा, उसका भाव चढ़ाते रहे, जिसने किया, किसकी सरकार के समय में हुआ, उसको तो कुछ नहीं कहा। लेकिन वह गरीब बेचारा जिसने इसको पकड़ा, भाई जो सौ रुपए में से आप 125-126 रुपए निकालकर उसको दे रहें हैं तो यह घाटा कैसे पूरा होगा? उस बेचारे को सजा भुगतनी पड़ी। मैं इस विषय में माननीय मंत्री जी से जानना चाहूंगी कि अगर कोई आत्महत्या की होगी और अगर मेरी बहन मुझे बता देगी तो मैं सारे हाउस से माफी मांगूंगी। किसी को कोई नुकसान नहीं हुआ है। ऐसा जरूर होता है, जब जुए की बात होती है, लोग जुआ खेलते हैं तो जीत होती जाती है, होती जाती है तो बड़े खुश होते हैं। लेकिन जब वे जीतने के बाद वहां से निकलकर बाहर आ जाते हैं तो वे चाहते हैं कि और जीत हो। जीतने का मन किसका नहीं करता है, मुनाफा कमाने का मन किसका नहीं करता है। लेकिन वह मुनाफा अब रूक गया है इसलिए लोग उदास हैं। ऐसा कोई मामला नहीं है कि लोग आत्महत्या करें।

SHRI MANOJ BHATTACHARYA (West Bengal): Thank you, very much, Sir. I rise here in support of the Statutory Resolution, as moved by the hon. Leader of the Opposition and other Members also - that, this House disapproves The Unit Trust of India (Transfer of Undertaking and Repeal) Ordinance, 2002 promulgated by the President on 29th October, 2002. I also stand here to oppose the Bill, the Unit Trust of India (Transfer of Undertaking and Repeal) Bill, 2002, as moved by the hon. Finance Minister, Shri Jaswant Singh. Sir, while speaking on this, my opposition to this Bill is, I would like to refer to the situation not exactly existing in the world, particularly in the Latin American countries, not even different other East Asian countries, where 'Tigers' were in peril some three, four or five years back. I would refer only to the State that is absolutely a neighbouring State of ours, Pakistan, that is being alleged as a terrorist State nowadays. Sir, I know it for certain - my hon. colleague, Shri Jaswant Singh will also know, perhaps better than me - that Pakistan in tune with the dispensations of neo-liberal economy, in tune with the diktats of the International Monetary Fund, the World Bank, etc., etc., had to adopt the line of liberalisation of the financial sector of Pakistan and the service sector of Pakistan and thereby, in 1988-89, in Pakistan, conservative estimates say that 1,70,000 people lost their jobs in Pakistan. One lakh and seventy thousand people have lost their jobs in Pakistan and Pakistan is now bogged down in absolute poverty, in serious unemployment problem, and their only industry has become the industry of producing terrorists. Where from these terrorists are coming? These terrorists are coming to India and are disturbing. The Government in all matters and on all issues raise this matter of cross-border terrorism, the terrorism of Pakistan, why Pakistan should not be termed as a terrorist State? Why stringent measures are not being taken against Pakistan etc.? The root cause of the situation as to where Pakistan is involved today and why Pakistan is bogged down today, is the liberalisation of the economy of Pakistan, domestic economy of Pakistan as per the diktats of the WTO, the International Monetary Fund, the World Bank. Unfortunately, the Government of India, as on today, are not taking any lessons as to why Pakistan is being forced to produce terrorists. Looking at the way you are moving, the actions that you are contemplating, the evil-steps, the ugly steps, the obnoxious steps that you are forwarding towards the liberalisation of financial sector, I am anguished, I am worried, I am anxious, and I have to express my anger that India in the days to come, in the face of serious unemployment, in the face of serious instability in the economic situation, economic, financial scenario, would also be forced to

produce this sort of terrorist elements to be transferred to some other countries. Sir, my objection is this. As a good citizen of this country, I raise my voice and caution this Government that they are taking such steps at the altar of the common people of this country, at the altar of the employees of this country, at the altar of the working class of this country, that are absolutely contrary to the interests of this nation, and all this will lead to a doom for this country. Sir, I would just like to refer to the exact situation, which was existing in the U.T.I. The primary intention of this Bill, the primary objective of this Bill, has not been very clearly spelt out. I have gone through this Bill very carefully. The objects of this Bill have not been stated clearly, that is, what for this Bill is being brought about. But, it is a step forward, and once again, I say, an obnoxious step forward, towards privatisation. The Unit-2 will be privatised in the days to come. Moreover, suggestions are being made that some of the Scheduled Banks, like the Punjab National Bank or the Bank of Baroda, will be putting money in the Unit-2, which is going to be privatised in the days to come, and once it is privatised, siphoning off of money will take place, and the entire scheme will go haywire. There will be no control of the Government. We will not be able to discuss as to who were the plunderers of the U.T.I. who have put the U.T.I. in shambles. All this has happened due to the ill-administration of the whole scheme. So many speakers have referred to this thing. For instance, the hon. Member, Shri Prithviraj Chavan, has referred to this point. The hon. Member, Shri Sanjay Nirupam, though he sits in the Treasury Benches, has raised a very pertinent question as to what has happened to the criminals. What has happened to the persons who have embezzled the funds of the U.T.I.? When the J.P.C. is probing the whole thing, I really wonder as to what was the hurry in bringing forward such a Bill, and that too, through the route of Ordinance. Four Ordinances had been promulgated some 20 days before the commencement of the Winter Session. This was very well known to the Government, that the Winter Session is commencing on 18th November, 2002. Why have they gone in for the Ordinance route? You are also following the same tradition. How is your Government, a Government, with a difference? You used to claim that your Government will be a Government with a difference. What difference is your Government making? You are adopting the same route of Ordinances. By using the Presidential power, you are using the same route of Ordinances, and I am very much against it. Sir, since the time at my disposal is short, I will simply be making certain points. Sir, through this Bill, the Act of 1963 is also being repealed, and if that is being done, what remains to be the object of the U.T.I.? That

is my question. Here lies the intention of the Government.... *(Time-bell)*... Sir, I am conscious of the time. That is why I am hurrying through.

SHRI B.P. SINGHAL: Sir, I am on a point of order.

SHRI MANOJ BHATTACHARYA: Please do not raise your point of order. I am not yielding. ...*(Interruptions)*... Sir, he is habitual in raising the points of order. ...*(Interruptions)*...Sir, under what rule, is he raising the point of order? ...*(Interruptions)*...

SHRI B.P. SINGHAL: Sir, he has said that this Bill is an *. ...*(Interruptions)*...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Mr. Bhattacharya, he has raised a point of order. Let me hear as to what his point of order is. Thereafter, I will give my ruling.

SHRI B.P. SINGHAL: Sir, he has said that this Bill is an*. ...*(Interruptions)*...The word obnoxious is unparliamentary.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): This is not a point of order. If this word is unparliamentary, it will be deleted. Mr. Bhattacharya, please continue.

SHRI MANOJ BHATTACHARYA: Sir, I repeat that I have not said that*. I have said that this Bill is an obnoxious step forward towards privatisation. Once again I repeat that if this Bill is repealed, then what will be the object of the U.T.I.? Here lies the real intention of the Government of India. Unit-1 is going to manage the Assured Return Scheme, including the U.S. 64, as long as U.S. 64 continues, and once the period of maturity of U.S. 64 is over, it will go somewhere else. It will die its natural death. I would like to know whether Unit-1 will be allowed to die its natural death. Unit-2 will manage the market linked schemes or the open-ended scheme. Unit-2 will be given to the private companies. Now, my question to the hon. Minister is: " What is the condition of private companies?" How many times

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* Expunged as ordered by the Chair.

this question has been raised by the hon. Members? How many crores of poor people, the pensioners and the widows have suffered bad losses by investing in these private mutual funds? And instead of protecting the interests of the people, the common investors, the domestic investment has gone down from 30 per cent to less than 22 per cent. And now, how are you going to ensure that their interests will be protected when the private operators ...*(Interruption)*...

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA) : Please, finish it now.

SHRI MANOJ BHATTACHARYA : Yes, Sir. I am concluding....when the private operators in the Mutual Fund operations have absolutely failed? They have cheated the people, they have deceived them; it is full of deceit. Now, as a Government, why are you trying to unleash the power to facilitate the private operators in this field to go for plunder? In what way can you justify your acts to benefit Ketan Parekh and Harshad Mehta-like persons? Sir, I could have spoken more on this issue, but unfortunately, time is up. However, Sir, I would once again request the hon.ble Minister to withdraw this Bill. Wait for the JPC findings, see what are the recommendations of the JPC, then you come with the Bill. Think over this; there is nothing to hurry, because you have waited for so long, to create a serious mess in the financial sector. Wait for two more months till the Budget session, then we can consider this Bill. With these words, I thank you, Sir, and conclude.

SHRI FALI S. NARIMAN (Nominated) : My intention is not to play any blaming game, because I leave that to the political parties, Sir. My objection to the Bill is more basic. The Unit Trust of India Act of 1963 was, I believe, as no other Act was, an expression of trust in Government, Government not belonging to any particular political party, but Government as an institution of governance. Instead of investing through brokers on the stock exchange, millions of investors were told : "the Government will take care and will give you units, and we will see that you are protected." Now, Sir, I believe that the repeal of this Act by this Bill is really and fundamentally, a breach of trust by the Government, whatever Government is in power, I say that with great sadness today, and that is not something that one should expect from one's Government. Millions of investors who require protection, continue to require protection, and always require protection, are now being orphaned, they are virtually being disowned and

thrown virtually to the wolves, and the wolves are, perhaps, in the private sector now. There are two aspects of this, Sir, that I wish to emphasise. One can always see the motive or the intent of the Bill if you read the Statement of Objects and Reasons. What does it say? The second paragraph says, "certain weaknesses crept into UTI over a period of time." No mention is made what the weaknesses are, but the next sentence makes it clear. "High dividends and sale and re-purchase price of units unrelated to actual earnings and other shortcomings in UTI's working led to fall in the Net Asset Value of the unit." Now, Sir, this is an admission of bad management, whether this was bad management under one Government or another is of no consequence. This is an admission of bad management, namely, high dividends and sale and re-purchase price of units unrelated to actual earning." If that be so, Sir, with great respect, the next paragraph says, "Government is now distancing itself from the UTI and Mutual Fund activities." This is nothing but Government distancing itself from the people of India, who have reposed faith in them and it is their duty to govern. I do not understand how the Government can say, "we are distancing ourselves from the UTI" which was a product of parliamentary enactment, which was an Act of trust, and I submit, Sir, with the greatest respect that this is a single act of betrayal of trust by the Government of the people of India, and as Members have pointed out, where will we have any control? This will go into banks and financial institutions, not nationalised banks necessarily, not established financial institutions but private banks, private financial institutions, and neither this House, nor the other House, nor the people of India will have any control. And what do we have, Sir, as an assurance of better management? Look at clause 20. I beg of you, Mr. Finance Minister, to, please, look at clause 20. The Administrator is appointed for one of the items mentioned there. Section 20 says:

> "20. (1) The Central Government may, by notification in the Official Gazette, make a Scheme, and
>
> (2) the said Scheme may provide for all or any of the following matters."

And one of the items is:

> "the manner in which the specified undertaking and schemes and assets and investments in Schedule I shall be managed."

Therefore, you have in mind, I take it, some good practice management, that you are going to prescribe. In the first place, when are

you going to prescribe it? That is not mentioned in clause 20. When is this Scheme going to be introduced?

Secondly, if there is some aspect of good practice management, why has that not been stated in the Bill itself? Otherwise, the Administrator, is left free to do exactly what the previous management did. Therefore, there is no provision in the Act, or in the Bill, to indicate that he would make an attempt to see that these things are better managed. On the contrary, the object is, things have been bad; we have burnt our fingers; let us leave it alone; let us now surrender it to whosoever wants to take it over. And I respectfully submit, Sir, that that is not governance; that is an abdication of governance, and that is why I oppose this Bill.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Before I call the next person, Mr. Sanjay Nirupam wants to speak for half-a-minute.

श्री संजय निरुपम : उपसभाध्यक्ष जी, मैं आपकी घंटी के दबाव में छोटा सा एक बहुत ही महत्वपूर्ण मुद्दा भूल गया था । मंत्री महोदय, यह बेल आउट पैकेज का मुद्दा है । अब तक चर्चा में निकल गया कि 14,500 या 14,600 करोड़ के आस-पास देना है । मेरी ऐसी जानकारी है कि यूटीआई का जो इन्वेस्टमेंट है, वह लगभग एक हजार कंपनियों में अलग-अलग तरीके से इन्वेस्ट किया गया है । इसमें 25 कंपनियों ने संभवतः शेयर बाय बैक करने का कोई प्रस्ताव रखा है । एक आईटीसी कंपनी तो मैं जानता हूं । आईटीसी में लगभग 11.8 प्रतिशत जो उसका स्टेक है वह यूटीआई के पास है । अगर इनकी होल्डिंग, हम उसको कैपिटलाइज़ करें, शेयर बाय बैक की हम अनुमति दे दें तो सिर्फ आईटीसी की तरफ से 600 करोड़ रुपये आ रहे हैं । अगर हमने 25 कंपनियों का शेयर बाय बैक का जो प्रस्ताव है, अगर उस प्रस्ताव को हमने मंजूरी दी और यूटीआई ने अपने पैसे वहां से निकाले तो लगभग 15,000 करोड़ रुपये ऐसे ही आ जाते हैं । तो सरकार जो अपने ऊपर एक जिम्मेदारी लेती है बात-बात पर बेल आउट पैकेज देने के लिए, उस जिम्मेदारी से सरकार को मुक्ति मिल सकती है । यह मेरा माननीय मंत्री महोदय से एक सुझाव है ।

SHRI SHANKAR ROY CHOWDHURY (West Bengal): Mr. Vice-Chairman, Sir, I rise to support the Statutory Resolution -

I think, by now, the Government must have realised, over the past few occasions and on this occasion as well, that the Ordinance route is not the route to adopt for bringing in a major piece of legislation on a variety of very important issues which affect the financial, corporate and economic life of the country.

The major source of disquiet about the Unit Trust of India Bill, as it is being presented to us, is about UTI-II. As far as UTI-II is concerned, which, in the Bill, is called a specified company, its assets would be in the range of about Rs.17,000 crores, as have been mentioned earlier, and these assets and these finances are to be provided, as per the Bill, whose entire capital is subscribed by such financial institutions and banks, as may be specified by the Central Government. And Members have also brought out that in the media there was a news-item that certain public sector banks are going to contribute this capital. Now, our question is about the future of UTI-II, which, nowhere, has been mentioned, or referred to, in this Bill. With Rs.17,000-odd crores, or nearly Rs.18,000 crores, of public money, what is the future of UTI-II? The Bill goes into detail about the administration and management of UTI - I. It has provided for an administrator, who shall be assisted by a Board of Advisers. But I would just like to draw the attention of the Government here to the condition that prevailed during the so-called UTI scandal of July, 2001. At that time, under the UTI Act of 1963, the then management of UTI consisted of a Chairman, nine trustees, and an executive trustee. The Chairman was to be nominated by the Central Bank and the IDBI. One of these executives was from the Reserve Bank of India, four were to be nominated by the IDBI, one was to be nominated by the LIC, one by the State Bank of India, and two were to be elected the contributing institutions, which consist of all the institutions I just now mentioned. In spite of that, we were treated to the Finance Minister's classic reply that he was not informed of the grave malfeasance, the grave misdirection of funds that took place in the UTI, with a complete governing body, as specified in the original UTI Act. I would, through you, like to know from the hon. Finance Minister whether, in his reply, he would care to elucidate on what steps the Government proposes to take to ensure that in future, in UTI - I and UTI - II, about which we know very little, a similar situation would be prevented from arising because a large amount of public money is at their disposal. I now come to the question of Government over-watch, in which I have some difference of opinion with some of the sentiments expressed by my hon. colleagues earlier. There is a difference between Government interference and Government over-watch. Government interference is not recommended, but Government over-watch, where large sums of public money are involved, is definitely required. And, here again, I go back to the Government; they must devise some method to ensure that, without interfering in the working of both these institutions, of both these organisations, they maintain a degree of formal periodic over-watch to

ensure that people's money is not misdirected, misappropriated, in the shameful manner that we have seen in the past. I now come to the question of accountability in regard to which I have just mentioned the former hon. Finance Minister's reply. I think it was a classic stage of disinvestment; not financial disinvestment in this case, but disinvestment of responsibility. And, I do believe that in a responsible Government, there should have been a gesture, at least, by the Finance Minister at that time to offer to step down. This, in its own way, was as big a disaster as the Gujarat earthquake was a natural disaster or any of the rare disasters that we have been witnessing so frequently. Now, the question arises of employees; what indeed is their future? In the free market, it is a well-known fact that it is the survival of the fittest, and, in a country like India, most of our people are, financially and otherwise, not equipped to survive. This question must be referred to by the Finance Minister. I hope it would be referred to by him in his reply. And, ultimately, what is the fate of the investors who have already invested money in the schemes which are going to go with Unit Trust - I and Unit Trust - II? UTI-I is going to be bogged down because no more Assured Return Schemes are not going to be floated by the Government. I am worried about UTI-II, where people have already invested their money. What is their future? Various views have been expressed by my colleagues. I am not commenting on those views. But I would like to know from the hon. Minister what is the future of the investors who have already invested their money in various schemes. Thank you.

THE VICE-CHAIRMAN (SHRI SANTOSH BAGRODIA): Shri Ekanath Thakur. You have one minute only.

SHRI EKANATH K. THAKUR (Maharashtra): Mr. Vice-Chairman, Sir, thank you very much for giving me this opportunity to speak on this important Bill. I will take only a few seconds, if you permit me, since my colleague has spoken at length. I stand here to support the Bill. But, I would fail in my duty, if I don't make a few comments about all that has happened in the UTI.

First and foremost, we are all taking about the JPC and the JPC Report, which is yet to come. Some Members have expressed the view that we should have waited for the Report. But there is already a Report, which was submitted by a Committee, which was headed by no less a

person than the Deputy Governor of the Reserve Bank of India, Shri Tarapore. I had an opportunity to examine and study the Report. You will be surprised to know that scores of instances were cited, wherein investment was made in private companies with gay abandon, by totally flouting the rules and regulations, under pressure from Government, by senior functionaries of the UTI, including the Chairman. The Tarapore Committee Report comprised Shri M.G. Bhole, who was the Chairman of the Bank of India, who was also a Member of the UTI, and some other top functionaries from the banking sector as Members. The Government of India should have handed over that Report of the Committee to the CBI for proceeding against the officers and other authorities who were involved in it. In one case, there was no factory at all, where an amount of Rs.34 crores were invested. Hundreds of crores of rupees have been invested without any basis at all. All these have been brought on record with documents, as to how the Chairman had signed the papers, though it was not recommended from the bottom to the MD level, the Chairman had signed it. All these things have been mentioned in that Report with documentary evidence. *(Time-bell)*... Just one minute, Sir. Why I am saying this is, because UTI was the hope of India. We believe that every investment in the private sector is good. I don't know how this idea has come about. I am not opposing disinvestment. Please understand me. When the private companies started plantation companies, they duped the investors. When private companies started the NFBCs, they duped the investors. Many other mutual funds had duped the investors. A number of schemes have been started by the private people in this country, and the investors are duped because the rate of literacy is very low in this country. Therefore, the Government must take some responsibility. The new UTI will be a case, that the operation is successful, but the patient died, if you divide it into two parts, UTI-I and UTI-II. Even then, I support the Bill because it is coming with a package for the two crore investors. My only point is that those who have been named in the Tarapore Committee Report should be proceeded against and you must improve the accountability in this country. I am one with the hon. Finance Minister when he says, "I don't want to become the gendarme of India" or "I don't want to be the policeman". But, someone is brought before you, you must take action against him. All those who indulged in this and swindled the money of the people of India should be brought to book. Then only there would be some basis for future investment culture. Thank you.

THE MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH) : Mr. Vice-Chairman, Sir, I am grateful to all hon. Members for their very valuable intervention, suggestions and observations and, particularly, the Leader of the Opposition for his invaluable and learned intervention that he made in moving the Motion of disapproval and also for gracefully seeking the permission of the House for withdrawing the Motion. Sir, I do believe and I share the sentiments of the House that, really speaking, the route of the Ordinance passed is not to my liking and it is not a path that should be adopted. And it is certainly not the path that should be adopted when it comes to any legislation that deals with the economic issues or financial matters. It is a time-tested convention of the House and it is also my personal conviction that this is not how we should be doing it. But in the case of Unit Trust of India, here was a situation that -- I do not wish to go into the history of the Unit Trust or history indeed of the difficulties of the Unit Trust or how over a period of time, particularly, starting from about 2001 or a little earlier than that -- a decline began to be demonstrated in the functioning of Unit Trust and unless we had acted with a sense of urgency and despatched the difficulties that Unit Trust is currently facing, in my assessment, it would have been further aggravated to a very considerable extent. I had, Sir, to ring fence the liabilities that already came into existence in regard to Unit 64 and the Assured Return scheme which was one of the reasons. I will be responding to the observations made by hon. Fali S. Nariman. But I did have to distance. When I say 'distance', I will explain what I mean by 'distance'. I did have to distance having ring fenced the Central Government from Unit Trust and also its mutual fund activity. And, thereafter, I had to segregate the Net Asset Value based schemes of the Unit Trust into a separate body. Now on this activity, I really, if I had the leisure, would have gone through the process of consultation and taken it up as an activity that has the luxury of leisure, I did not have it. I wish to categorically restate what I have said in the other House and I have said abroad and indeed when I was asked by the Joint Parliamentary Committee to come, I did say that should the Committee in its wisdom make any recommendation, that the House, the Parliament or the Government consider as recommendation, that must be taken on to the statute book and will further improve the functioning of the Unit Trust. Certainly, I am giving you my assurance, we will do so because, after all, the Joint Parliamentary Committee is the child of Parliament and as the child of Parliament, should they, in their wisdom, come forward with recommendation, the Government will consider the relevant and valid

recommendation with utmost seriousness and shall certainly adopt as many of them as we can, if necessary, by coming back to the Parliament with necessary amendments in this regard. Having addressed this one larger general question about Ordinance, I do wish to take this opportunity to address this question of Government's responsibility and my learned friend Shri Shankar Roy Chowdhury then spoke about Government's responsibility as against Government's interference. It is a very serious charge levelled that in the Government's distancing itself, there is a breach of faith.

[DEPUTY CHAIRMAN in the Chair]

I believe the Unit-64 which was instituted in 1964-- hence the name -- was a unique experiment in a combination of both; it was not only the very first mutual fund in the country but a mutual fund with a social content. In that sense, it was a unique experiment. I personally have no knowledge as to where else in the world this experiment was tried, in the absence of both, and a tradition of equity, because, no doubt, the students of history and the students of the growth of India's economy would concur with me that the cult of equity really came to India post-East India Company. In the pre-East India Company, India's enterprise did not have the concept of a limited company. Therefore, the concept of equity has been absent in India. In that sense, as against the western economic philosophy, the concept of equity is really of a modern or of a recent origin in India. That is why the spread of an equity market in India has always been treated as some kind of a gambling; looked upon pejoratively; spoken of as *Satta*. That is why, when the Unit Trust was instituted in 1964, it was a remarkable and unique combination of the introduction of mutual fund and introduction or encouragement to capital market, combined with a social concept. We are really much more used and attuned to a debt market. India's enterprise is much more debt-oriented than equity-oriented. But I do not want to go into it. Dr. Manmohan Singh said, "We were giving dividends up to 26 per cent". He asked, "What has happened?" Madam, yes, dividends were being given. I have got the figures of those years. But I do not wish to take the time of the House by reading them out. What I want to say is that the Unit Trust, particularly Unit-64, went up to giving dividends up to 26 per cent, up to the year 1996. If I recollect correctly, in 1996, the Unit Trust gave 20 per cent dividend plus 10 per cent bonus. So they gave 30 per cent dividend. From subsequent experiences and full scrutiny of the

accounts of the Unit Trust - again, I am not saying this with the benefit of hindsight; as you know, Madam, hindsight is always 20/20; it is only when you are really dealing with the project that you lack even six by six sight -- we found that in declaring these unnaturally high dividends, what was being done by the Unit Trust management was, they were eating into the reserve fund and this eating into the reserve fund began a vicious spiral of eating into the very innards of the Unit Trust.

There is another thing which had happened. Somewhere down the path, what was really a unique experiment in introduction to mutual fund activity combined with social responsibility and social concept, somewhere the nature of UTI became schizophrenic. The hon. Member is right. When I say schizophrenic, I mean it forgot what it was. It did not realise that it was essentially a social-oriented mutual fund and it began to indulge in competitive assured return schemes. It began lending exercises. It began to purchase in a questionable method convertible dividends, which was a short-cut of giving moneys to. Now, I do not wish to go into all those details. This is not the function of today's debate. It was really with a view to separating Government from this kind of wrong-doing, ring fencing, what was the Government's commitment to the citizens which was Unit-64 and to contain the Unit-64 because the commitment of the Government was to the citizens. Therefore, Unit-64 Assured Return Schemes become ring fenced and have become the area where the Government continues to abide by the commitment that it has given to the citizen. In Mutual Fund based on the Net Asset Value, the Net Asset Value Mutual Fund is really like any other market-operated fund. We now have, if my figures are correct, when Unit Trust first came into existence, it was the only Mutual Fund. It was the path-breaker. Today, we have 23 Mutual Funds. The total assets are in excess of Rs. 110 crores. They are all competing in the market and if Unit Trust has to compete as a market-oriented Mutual Fund, then, that activity has to be separated from the guaranteed assured return, socially based Unit-64 or such things. Hence, the two separations and, therefore, the Unit Trust must compete with other Mutual Funds and it must, of course, be -- Dr. Manmohan Singh wanted to know, will it be abiding by the SEBI regulations -- how can we, Sir, make our own regulation and then tell a body, which is our child, not to abide by the SEBI regulations? They will have to abide by the SEBI regulations. They are bound by what SEBI says and it will continue to be bound. That is why, it is a SEBI-regulated Mutual Fund which is based on Net Asset Value. This is the rationale that the

Government has not withdrawn from its commitments. Indeed, we are re-affirming our commitment. However, I am happy with the philosophy that you have pointed out. And, even now, I am re-affirming that so far as Unit-I is concerned, Unit-64 Mutually Assured Scheme, the Government remains committed to it. Unit-II or UTI-II shall be SEBI-governed Mutual Fund and this is the basic difference. Dr. Manmohan Singh with justification enquired, "If you are going to give professional management to Unit-II, why don't give good professional management to Unit-I also." I think, it is a worthy question. We will certainly examine it. At the present moment, because the bifurcation, the asset division, all has been managed by the presently Government-appointed Administrator. Therefore, we are continuing with the Government Administrators in the UTI. Further, down the path, Sir, I do assure you indeed, I believe personally that professional management is far preferable to Government-appointed management. No matter how objective Government-appointed management is and most of the Government-appointed managements are objective. I have high regard for our Civil Services and Civil Services conduct as well impeccably, provided the rest of the input in the conduct of the Civil Services is also impeccable. But, Sir, down the path, we will keep your proposal in mind and if the occasion arises, we will certainly look into it. I will deal with a number of points Dr. Manmohan Singh has made that JPC's recommendations, I have given you my views, Sir, if there is any suggestion, we will certainly take it on board. There is a detailed inquiry into the investments made. Yes, Sir, the Tarapore Committee has examined the investment decision of the Unit Trust. These cases have been sent to a pre-investigative body of the Advisory Board for examination in July. Madam, I got this responsibility in July, and since July, my Ministry has sent three reminders to the investigative body saying, "It has been long enough that the whole thing has been with you. We want the reply and your advice quickly." So, that is where that matter stands.

Shri Sanjay Nirupram also has raised a question about a particular investment that had been made by the Unit Trust. Mr. Nirupam, मैं एक मिनट में आपको उत्तर दे देता हूं।

Dr. Manmohan Singh had enquired about splitting of the Unit Trust into Unit - I and Unit - II. He had asked: "How would you contribute to the functioning of the foreign institutional investors?" As I have said, - I might have been mistaken - there are only 23 Mutual Funds. He informs me that

there are 33 Mutual Funds, and the actual funds that they have is Rs.113 crores. I have said, 'only Rs.110 crores'. Now, the Unit Trust accounts for Rs.44,700 crores. I personally feel, even after the division of the Unit Trust into Unit - I and Unit - II, it will still be the largest Mutual Fund in the market. That is all the more the reason why in the management of Unit - II, highly professional and competent managers should be there. I am sure, - I am not pre-empting the decisions that will be taken subsequently - it is my intention, that we will choose professional managers for Unit Trust - II, with maximum openness, and we will ensure that the salary and the benefits that are given are commensurate with the responsibilities of the job as also with market conditions.

Dr. Manmohan Singh wanted to know about SEBI compliance. Yes, the Unit Trust - II would be a SEBI-compliant one. Dr. Manmohan Singh, as also Shri Ramachandraiah, wanted to know whether the adjustment of interest rate in dividend and Assured Returns Scheme would introduce an element of uncertainty. Now, some of the Assured Returns Scheme promises unsustainable rates of return, in today's condition, of 13-14 per cent, whereas the actual earnings of the Scheme are 7-8 per cent. Now, when you have falling interest rates, it is difficult - I cannot be dishonest with the House - to maintain that kind of an assured return. However, the returns will be re-set. And, I assure them that when we re-set the rates, it will be in accordance with the SEBI guidelines and in line with the prevailing rates and other instruments. To that extent, I would like to say that there would be no uncertainty.

Madam, I don't want to elaborate as to why the Unit - 64 went into the kind of tail-spin. I had briefly covered it. It is not a very happy thing...*(Interruptions)*...

DR. BIPLAB DASGUPTA (West Bengal) : Madam, as a sign of protest, I walk-out.

(At this stage, the hon. Member left the Chamber)

SHRI JIBON ROY: Madam, many of the points raised in the House have not been responded to...

THE DEPUTY CHAIRMAN: He has not completed yet.

5.00 p.m.

SHRI JASWANT SINGH: Madam, out of courtesy to my friend, Shri Biplab Dasgupta, I understand, as a sign of protest, he is walking out. I respect his walk-out. I am sure, the rest of his colleagues will also follow...

SHRI JIBON ROY: We want the reply of the hon. Finance Minister. But nothing has been answered...

श्री संजय निरुपम : आप पहले जवाब तो सुन लीजिए।

उपसभापति : आप पहले जवाब तो पूरा होने दीजिए। Your amendment is there.

SHRI JIBON ROY: The basic questions are not being answered.

THE DEPUTY CHAIRMAN: Now, has he finished? Has he sat down after finishing? He has not yet finished. Let him finish and then you can say something.

SHRI JASWANT SINGH : One question has been asked - of course, Dr. Manmohan Singh was the first really to ask it; but it got repeated - about interference in the operational matters of UTI. Now, Sir, the Government has committed to meet the shortfall and, that is why, it is necessary for the Government, in this period, to appoint an administrator. The administrator shall be advised by a Board of Advisers. This Board of Advisers, despite the cynicism expressed by my gallant friend, Shri Shankar Roy Chowdhury, will be professionally qualified. Now, you gave the example of what happened in 1991, but, I do not really want to go into it. The aim remains really to do justice to Unit 64, to the maximum possible extent now, and to permit UTI - II as a SEBI-regulated Net Asset Value-based Mutual Fund. Sir, there are other issues on which Dr. Manmohan Singh utilised this opportunity to express his views. He spoke about the need for confidence in the capital market and stabilisation of tax rates. I do believe that there is a great validity in what Dr. Manmohan Singh has said, because the investor and the citizen must, firstly, have confidence in the capital market. Confidence is born of many factors, among which is, of course, continuity. And, continuity, I expect, as a theoretical proposition

and also as a practicable precept, that stabilisation of tax rates is an ideal that must, to the extent possible, be adhered to. The issue of Government's approach to problems of disinvestment is a very large debate. I believe, the House is considering the whole issue tomorrow, and, therefore, I do not wish to pre-empt that debate; also, it would be improper for me to comment on it, when my distinguished colleague is going to deal with it, and also the House is going to deal with it. You mentioned about corporate sector governance. Yes, Sir, I have for example, soon after I got the job taken care of improvement in the governance of corporate sector. Sir, I wish to cite only two issues. We have already taken significant steps for the establishment of a Serious Frauds Office, and I hope I will be coming to the House with the proposed Bill on that subject. Secondly, we have appointed a committee which went into a re-examination of the role of statutory auditors of the entire corporate world. That committee has finished its work, and I think, in the next week itself, it will be presenting that report on the various steps that need to be taken. We involved the auditing world itself into proposing the changes, and I hope to be able to not only present that to the public for comment, but also place it on the Table of the House, as also, indeed, put it on the website of the Finance Ministry. Expectations of the investor community and healthy monetory policies for the capital market, Madam, are very substantial points. These are very important points. But, I am sure, Dr. Manmohan Singh will permit me, if I do not address all these issues just now. This is a much larger debate, and I have, today, just had the great pleasure and honour of placing on the Table of the House a mid-year review which I hope, at some stage the House will consider and the hon. Members will spend some time on discussing it. We would be very happy, in Government, to discuss all these things because there is an attempt by the Finance Ministry to cover the entire gamut of the economic situation. We would be very happy then to discuss these issues.

THE DEPUTY CHAIRMAN: Mr. Virumbi, your question is being answered.

SHRI JASWANT SINGH : Mr. Virumbi asked what will happen to the funds if, and when, the UTI-II is disinvested. Naturally, the funds will come back to the Government because the Government is the promoter. Hon. Member also wanted to know about the distribution of assets between the UTI-I and the UTI-II. If you look at Schedules I and II of the Bill, you will find the details of it.

Protection of employees is an issue that a number of hon. Members have raised. I wish to make it quite clear that full protection has been provided to the employees. It is in clause 6 of the Bill. An hon. Member said that they have six months to make up their mind. They have six months, in case, they wish to leave. All employees are being put on the roll of the UTI-II only for the sake of administrative convenience. Of these, as many or such as will be employed by the UTI-I, their salaries will be borne by the UTI-I, not by the UTI-II. And, certainly जो आपने बैंक का सुझाव दिया है कि उसके साथ यू.टी.आई. का जो बैंक है, उसमें भी अगर उनको काम करने का अवसर मिलता है तो आगे जाकर हम मैनेजमेंट को कहेंगे कि ऐसा अवसर दिया जाए ताकि उनको एक मौका मिले अगर वे वहां से बैंक में जाकर काम करना चाहते हैं ।

श्री संजय निरुपम : बिल में ऐसा कोई प्रावधान हो सकता है क्या ?

श्री जसवंत सिंह : बिल में अभी बैंक को लाने का प्रावधान संभव नहीं होगा क्योंकि इसमें अभी हम सिर्फ यू.टी.आई. के बारे में बात कर रहे हैं । बैंक के बारे में, हम जब हाउस में कह रहे हैं तो मैं आपको आश्वस्त करना चाहता हूं ।

SHRI S. VIDUTHALAI VIRUMBI: Sir, in fact, suspicion has been expressed that the UTI-I will be wound up. Or, will it continue?

SHRI JASWANT SINGH: It is continuing. The US-64 is continuing. The assured-return-schemes are continuing. How can you wind up Unit-64, as long as Unit-64 continues? If I am not mistaken on the exactness of the date, I am not discouraged by the trading that has commenced in Unit-64. We are going to move further forward after the next month's notification, etc. We have had in the last three months - September, October and November - a net inflow, for the first time, into the UTI to the tune of Rs.3000 crores. These are all encouraging signs.

My friend, Dr. T. Subbarami Reddi, has expressed his apprehension regarding possible clash of interests among the State Bank of India, the Punjab National Bank, the Bank of Baroda, etc. According to the SEBI regulation, it is a three-tier structure. You have to have a promoter. Then, you have a trustee company. Then, you have the assets management company. So, it is a three-tier structure, and the SEBI regulation will quite effectively prevent any clash of interest.

संजय जी ने पूछा है कि "साइबर स्पेस" नाम की एक कंपनी थी, उसके खिलाफ क्या कार्यवाही की गई? "साइबर स्पेस" के खिलाफ सी.बी.आई. का मामला दर्ज हुआ जुलाई, 2001 में । उसमें पांच आदमी गिरफ्तार किए गए हैं जिनमें तीन यूनिट ट्रस्ट के हैं, जिसमें से उनके चेयरमैन, प्रमोटर और कंपनी ब्रोकर हैं । यह केस अभी सी.बी.आई. के तहत है इसलिए इसके बारे में कुछ कहना या किसी का नाम लेना मेरे लिए उचित नहीं होगा पर ऐसा नहीं है कि कार्यवाही नहीं की गई । सी.बी.आई. को यह केस सुपुर्द किया गया, गिरफ्तारियां हुईं और सी.बी.आई. ने केस दाखिल किया है । ...**(व्यवधान)**...

श्री संजय निरुपम : इतना तो हमें मालूम है । इसके आगे, पिछले साल जो डिबेट हुई थी यहां पर, उसमें मैंने बताया था कि प्रधान मंत्री कार्यालय का एक व्यक्ति इसमें शामिल है और प्रधान मंत्री जी स्वयं यहां आकर आश्वासन देकर गए कि अगर कोई ऐसा व्यक्ति शामिल है तो बाकायदा उसके ऊपर लगे आरोपों की छानबीन होगी । उस आश्वासन का आज तक कुछ पता नहीं चला ।

श्री जसवंत सिंह : उस आश्वासन की पूर्ति के लिए क्योंकि जब सी.बी.आई. को केस दिया जा चुका है, अगर ऐसा कोई व्यक्ति प्रधान मंत्री कार्यालय का इसमें जुड़ा होता, तो निश्चित रूप से वह केस के दायरे में आता । अभी जब सी.बी.आई. की छानबीन चल रही है, उसके बाद भी अगर केस के दायरे में उस कार्यालय या अन्य किसी कार्यालय से जुड़ा कोई व्यक्ति होगा, तो मुझे यह कहने में तनिक भी संदेह या शक नहीं है कि वह दायरे में आएगा ही । यह तो पूर्व निर्धारित बात है । इम्प्लॉइज़ का जैसे मैंने अभी आपको बताया, मैं जवाब दे चुका हूं । इम्पलाइज अपने आप में पूर्णतया सुरक्षित हैं। ऐसा नहीं है कि यह हो जाने के बाद किसी को अपनी नौकरी छोड़नी पड़ेगी और 6 महीने का भी मैंने आपको बता दिया है। कॉस्ट ऑफ इम्पलाइ के बारे में आपने शायद फरमाया कि 200 करोड़ के करीब खर्चा होता है। मेरे पास जो आंकड़ा है इसमें 85 करोड़ का खर्चा है। 200 करोड़ का खर्चा नहीं है। मुझे लगता है कि यह 85 करोड़ की कार्यवाही, अपने आप में स्वयं युनिट ट्रस्ट कर रहा था। एक बहुत ही सुनियोजित और सीमित कीमत में यह कार्यवाही की जा रही थी।

My friend, Shri Prithviraj Chavan, asked for a White Paper on The United Trust of India. Madam, I believe, when there is a Joint Parliamentary Committee which is already engaged on the subject, a White Paper would be both premature, and also really not needed.

Though not connected with this, understandably, because he comes from Maharashtra, he spoke of the travails of the sugar industry, and said, "You are doing all this, but you are doing nothing for the sugar industry of Maharashtra". I am sorry that he has found fault with me in this regard, because, in fact, for sugar industry, just now, a two million tonne बीस लाख टन बफर स्टॉक की घोषणा हो गई है। And, we have already appointed a Committee to go into the question of export subsidy, which is really an ocean freight subsidy. The WTO prohibits me from providing any other kind

of subsidy, but I do believe there is one subsidy which I can give, which is ocean freight subsidy. एक माननीय सदस्य ने प्रश्न उठाया था कि the guilty must be acted upon; there should be the factor of accountability. I have here the details of all the actions that have been taken subsequent to the Tarapore Committee Report. With your permission, if you like, I can read out all this. But, to save time, I will have this condensed, and sent to you, as a reply...

THE DEPUTY CHAIRMAN: You can lay it on the Table of the House so that everybody can have access to it.

SHRI JASWANT SINGH: Yes, I can lay it on the Table of the House. ...*(Interruptions)*... Hon. Shri Jibon Roy is particularly agitated that I have not responded to his questions.

SHRI DIPANKAR MUKHERJEE (West Bengal) : It is better to ignore Mr. Jibon Roy's and Mr. Nariman's apprehensions! ...*(Interruptions)*...

THE DEPUTY CHAIRMAN: You can't raise it at this stage. ...*(Interruptions)*...

SHRI JASWANT SINGH: You can hold to the viewpoint you have referred to. I would, certainly, be not so discourteous as to ignore the apprehensions of either my friend, hon. Jibon Roy, or my eminent jurist friend, Mr. Nariman. I can't afford to do that.

SHRI DIPANKAR MUKHERJEE: That is the basic issue.

SHRI JASWANT SINGH: Then we have a difference of viewpoint, in that regard. Hon. Jibon Roy said that the ultimate fate of UTI-I and UTI-II is not discussed in the House; officers have not been punished; and, privatisation, as a matter of policy to him and his party, is not acceptable. These are, broadly, the three points which he raised. Madam, I have already explained these three points. UTI-I will not be floating, at the moment, any new scheme. All shortfalls of UTI-I -- that is the commitment of the Government -- we will meet, because that was the original commitment of the Government to the citizens. The other Unit Trust scheme became asset-value to market operated scheme. Regarding the SEBI, I said, regulation of SEBI, regarding officials, 19 cases have been sent to the Advisory Board, which is under the CVC. The CBI has filed cases against four UTI officials, including the ex-Chairman, and three of them were arrested. Investigation,

as I explained to Nirupamji, is on. As and when the question of disinvestment arises, naturally, Parliament would be informed. At the moment, that is not the case. Madam, I have no more to say, and I commend the Bill be passed...*(Interruptions)*...

SHRI JIBON ROY: Madam, a new convention is being made by the Minister--answering only those who support the Motion and ignoring those who oppose it. A very good convention it is! New convention, new democracy, everything is new and new. ...*(Interruptions)*...

THE DEPUTY CHAIRMAN: I have seen your amendments on clauses 4 and 6. Why don't you wait till we go to those clauses? You will have the opportunity to say what you want to say. ...*(Interruptions)*...

Now let us go by the old convention; and I ask Mr. Manmohan Singh whether he would like to press for his Resolution.

DR. MANMOHAN SINGH: Madam, I withdraw the Statutory Resolution.

THE DEPUTY CHAIRMAN: Does the hon. Member of the House have the permission of the House to withdraw his Statutory resolution?

The Statutory Resolution was, by leave, withdrawn.

THE DEPUTY CHAIRMAN: I don't have to have new conventions established. Let me go by the old convention. ...*(Interruptions)*...

SHRI JIBON ROY: Madam, the back-benchers and the middle-benchers are not allowed to speak. All the concerns raised by me are not answered. I raised those on behalf of the people, and not on my own. I have not given those by myself. ...*(Interruptions)*... Those issues, that were raised by those who support the Motion only are answered and in the case of those who opposed, their issues are not answered. How can we agree with that? ...*(Interruptions)*...

(At this stage, some hon. Members left the Chamber)

SHRI J. CHITHARANJAN : Madam, I have to say something. ...*(Interruptions)*...

THE DEPUTY CHAIRMAN: Under what rule are you speaking? Everybody is talking about the rules, showing me the rule book. Under which rule are you raising this? I will allow you only in the second reading or the third reading of the Bill. Not now. Because, somebody, again, in this House, would show me the rule book. I want to strictly go by the rules.

THE DEPUTY CHAIRMAN: Now I shall put the Bill to vote.

The question is:

> "That the Bill to provide for transfer and vesting of the undertaking
>
> > (excluding the specified undertaking) of the Unit Trust of India to the specified company to be formed and registered under the Companies Act, 1956, and the transfer and vesting of the specified undertaking of the Unit Trust of India in the Administrator and for matters connected therewith or incidental thereto and also to repeal the Unit Trust of India Act, 1963, as passed by Lok Sabha, be taken into consideration."

The motion was adopted.

THE DEPUTY CHAIRMAN: Now, we shall take up clause-by-clause consideration of the Bill.

Clauses 2 and 3 were added to the Bill.

THE DEPUTY CHAIRMAN: There is one amendment to clause-4 by Shri Jibon Roy. He is not present, and I shall put clause 4 to vote.

Clause 4 was added to the Bill.
Clause 5 was added to the Bill.

THE DEPUTY CHAIRMAN: There is one amendment to clause-6 by Shri Jibon Roy. He is not present, and I shall put clause 6 to vote.

Clause 6 was added to the Bill.

Clauses 7 to 25, the First Schedule and the Second Schedule, were added to the Bill.

Clause 1, the Enacting Formula and the Title were added to the Bill.

THE DEPUTY CHAIRMAN: Shri Chitharanjan is not here, so I ask the Minister to move.

SHRI JASWANT SINGH: Madam, I move:

That the Bill be passed.

The question was put and the motion was adopted.

THE DEPUTY CHAIRMAN: Hon. Members, would you like me to take up another Bill? ...*(Interruptions)*...

SHRI PRANAB MUKHERJEE: We will take it up later. ...*(Interruptions)*...

THE DEPUTY CHAIRMAN: If that is the will of the House, then the House is adjourned till 11.00 A.M. tomorrow.

The House then adjourned at fifteen minutes past five of the clock till eleven of the clock on Wednesday, the 4th December, 2002.